

2007/08 Interim Report
中期報告書

AMS 進智公交

AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(Stock Code 股份代號：77)

連貫中港 | 投資未來



The board of directors ("Board") of AMS Public Transport Holdings Limited ("Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("Group") for the six months ended 30 September 2007, together with the unaudited comparative figures for the corresponding period in 2006. The unaudited condensed consolidated financial statements have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	Notes	For the six months ended 30 September	
		2007 Unaudited HK\$'000	2006 Unaudited HK\$'000
Turnover	4	196,474	170,980
Direct costs		(145,085)	(132,117)
		51,389	38,863
Other revenue	4	4,274	2,840
Administrative expenses		(24,336)	(20,965)
Other operating expenses		(1,223)	(747)
Operating profit	6	30,104	19,991
Finance costs		(3,970)	(3,254)
Share of results of a jointly controlled entity		133	33
Profit before income tax		26,267	16,770
Income tax expense	7	(5,153)	(2,955)
Profit for the period		21,114	13,815
Attributable to:			
Equity holders of the Company		19,641	12,994
Minority interest		1,473	821
		21,114	13,815
Dividends	8	27,300	29,575
Earnings per share			
– Basic (HK cents)	9	8.63	5.71
– Diluted (HK cents)	9	8.63	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2007

		30 September 2007 Unaudited HK\$'000	31 March 2007 Audited HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	10	68,952	69,945
Leasehold land	10	6,440	6,516
Public light bus licences	10	136,400	132,000
Goodwill	10	155,004	155,304
Interest in a jointly controlled entity		278	145
Deferred tax assets		282	2,475
		367,356	366,385
Current assets			
Trade receivables	11	6,482	5,586
Other receivables		8,310	9,715
Amount due from a jointly controlled entity		1,446	1,674
Tax recoverable		111	294
Bank balances and cash		25,908	28,694
		42,257	45,963
Current liabilities			
Borrowings		22,345	19,024
Trade payables	12	7,195	6,494
Other payables		18,061	15,900
Current portion of deferred income		982	1,085
Other financial liability		4,650	4,650
Tax payable		6,355	1,681
		59,588	48,834
Net current liabilities		(17,331)	(2,871)
Total assets less current liabilities		350,025	363,514

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 September 2007

	Notes	30 September 2007 Unaudited HK\$'000	31 March 2007 Audited HK\$'000
Non-current liabilities			
Borrowings		116,517	125,417
Other non-current liability	13	2,748	2,670
Deferred income		1,064	1,555
Deferred tax liabilities		5,916	7,869
		126,245	137,511
Net assets		223,780	226,003
Equity			
Equity attributable to equity holders of the Company			
Share capital	14	22,750	22,750
Reserves		186,671	189,842
		209,421	212,592
Minority interest		14,359	13,411
Total equity		223,780	226,003

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	PLB licences revaluation reserve HK\$'000	Share options reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interest HK\$'000 (Restated)	Total equity HK\$'000
As at 1 April 2007 (Audited)	22,750	47,779	40,407	300	19,296	(24)	82,084	212,592	13,411	226,003
Net gains recognised directly in equity										
- Surplus on revaluation of public light bus licences	-	-	4,200	-	-	-	-	4,200	-	4,200
- Currency translation	-	-	-	-	-	100	-	100	-	100
Profit for the period	-	-	4,200	-	-	100	-	4,300	-	4,300
Total recognised income and expenses for the period	-	-	4,200	-	-	100	19,641	23,941	1,473	25,414
Share-based compensation	-	-	-	188	-	-	-	188	-	188
Dividends paid to minority interest	-	-	-	-	-	-	-	-	(525)	(525)
Dividends paid	-	-	-	-	-	-	(27,300)	(27,300)	-	(27,300)
As at 30 September 2007 (Unaudited)	22,750	47,779	44,607	488	19,296	76	74,425	209,421	14,359	223,780
As at 1 April 2006 (Audited)	22,750	47,779	36,207	190	19,296	-	78,223	204,445	-	204,445
Net gain recognised directly in equity										
- Surplus on revaluation of public bus licences	-	-	2,100	-	-	-	-	2,100	-	2,100
Profit for the period	-	-	-	-	-	-	12,994	12,994	821	13,815
Total recognised income and expenses for the period	-	-	2,100	-	-	-	12,994	15,094	821	15,915
Pre-acquisition reserve of subsidiaries (Restated)	-	-	-	-	-	-	-	-	11,224	11,224
Share-based compensation	-	-	-	54	-	-	-	54	-	54
Dividends paid	-	-	-	-	-	-	(29,575)	(29,575)	-	(29,575)
As at 30 September 2006 (Unaudited)	22,750	47,779	38,307	244	19,296	-	61,642	190,018	12,045	202,063

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	For the six months ended 30 September	
	2007 Unaudited HK\$'000	2006 Unaudited HK\$'000
Net cash inflow from operating activities	35,087	22,606
Net cash outflow from investing activities	(4,493)	(69,959)
Net cash inflow/(outflow) before financing activities	30,594	(47,353)
Net cash (outflow)/inflow from financing activities	(37,179)	32,167
Net decrease in cash and cash equivalents	(6,585)	(15,186)
Cash and cash equivalents at the beginning of the period	28,291	34,208
Effect of foreign exchange rate changes, on cash held	24	–
Cash and cash equivalents at the end of the period	21,730	19,022
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	25,908	19,886
Bank overdrafts	(4,178)	(864)
	21,730	19,022

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. Corporate information and basis of preparation

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 Company is an investment holding company and its subsidiaries are principally engaged in the provision of franchised public light bus (“PLB”) transportation services in Hong Kong and cross-boundary public bus transportation services between Hong Kong and the People’s Republic of China (“PRC”). The shares in the Company have been listed on the Main Board (“Main Board”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 15 April 2004.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) No. 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 (“Listing Rules”). These condensed consolidated financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 March 2007.

2. Summary of principal accounting policies

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group’s audited annual financial statements for the year ended 31 March 2007.

From 1 April 2007, the Group has adopted the following new and revised accounting standards and interpretations of Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments – Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	Group and Treasury Share Transactions

The adoption of these new accounting standards and interpretations had no significant financial impact on the Group’s financial statements.

The following new standards and interpretations have been issued by the HKICPA but are not effective for financial year ending 31 March 2008 and have not been early adopted:

HKFRS 8	Operating Segments
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HKAS 23 (Revised)	Borrowing Costs

The Group has already commenced an assessment on the impact of the above new standards and interpretations, but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

3. Restatement of comparative information

Certain comparative figures have been restated to conform with the current period's presentation.

4. Turnover and revenue

Turnover and revenue recognised during the period are as follows:

	For the six months ended 30 September	
	2007 Unaudited HK\$'000	2006 Unaudited HK\$'000
Turnover		
PLB and residents' bus services income	143,033	137,156
Cross-boundary public bus services income	52,484	32,860
PLB rental income	957	964
	196,474	170,980
Other revenue		
Agency fee income	1,214	1,205
Interest income	535	546
Gain on disposal of passenger service licences	500	–
Rental income of cross-boundary quota	491	327
Travel agency income	475	145
Reversal of deficit on revaluation of PLB licences	200	100
Advertising income	192	207
Repair and maintenance service income	154	228
Net gain on disposal of property, plant and equipment	134	–
Sundry income	379	82
	4,274	2,840
Total revenue	200,748	173,820

5. Segment information
Business segments

	Segment revenue		Segment results	
	For the six months ended 30 September		For the six months ended 30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Franchised PLB operations	143,990	138,120	19,002	13,630
Cross-boundary public bus operations	52,484	32,860	11,102	6,361
	196,474	170,980	30,104	19,991
Finance costs			(3,970)	(3,254)
Share of results of a jointly controlled entity			133	33
Profit before income tax			26,267	16,770
Income tax expense			(5,153)	(2,955)
Profit for the period			21,114	13,815

6. Operating profit

Operating profit is stated after charging the following:

	For the six months ended 30 September	
	2007	2006
	Unaudited HK\$'000	Unaudited HK\$'000
Fuel cost	31,730	30,286
Employee benefit expenses (including directors' emoluments)	67,886	61,960
Operating lease rental in respect of		
– PLBs and public buses	31,179	30,143
– cross-boundary quotas	1,769	1,121
– land and buildings	756	601
Depreciation of property, plant and equipment	6,198	4,333
Amortisation charge of leasehold land included in		
administrative expenses	76	76
Impairment on goodwill included in other operating expenses	300	–
Net exchange loss	10	23
Net loss on disposal of property, plant and equipment	–	162

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The amount of taxation charged to the condensed consolidated income statement represents:

	For the six months ended 30 September	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
<hr/>		
Current tax		
– Hong Kong taxation		
Provision for the period	4,847	3,096
Over provision in prior years	–	(194)
	<hr/>	<hr/>
	4,847	2,902
– Overseas taxation		
Provision for the period	66	(45)
	<hr/>	<hr/>
	4,913	2,857
Deferred taxation	240	98
	<hr/>	<hr/>
Total income tax expense	5,153	2,955
	<hr/>	<hr/>

8. Dividends

	For the six months ended 30 September	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
<hr/>		
2006/2007 final dividend of HK12.0 cents (2005/2006: HK9.0 cents) per ordinary share	27,300	20,475
2005/2006 special dividend of HK4.0 cents per ordinary share	–	9,100
	<hr/>	<hr/>
	27,300	29,575
	<hr/>	<hr/>

Notes:

- (a) For the year ended 31 March 2007, the Board declared a final dividend of HK12.0 cents per ordinary share (2005/2006: final dividend of HK9.0 cents and special dividend of HK4.0 cents) per ordinary share on 20 July 2007. Under the Group's accounting policy, they were reflected as an appropriation of retained profits in the period in which they were proposed and approved.
- (b) The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2007 (2006: Nil).

9. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

	For the six months ended 30 September	
	2007 Unaudited	2006 Unaudited
Profit attributable to shareholders for the period (in HK\$'000)	19,641	12,994
Weighted average number of ordinary shares in issue (in thousands)	227,500	227,500
Basic earnings per share (HK cents per ordinary share)	8.63	5.71

Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of shares in issue during the period, after adjusting for dilution effect of the outstanding share options granted by the Company.

	For the six months ended 30 September	
	2007 Unaudited	2006 Unaudited
Profit attributable to shareholders for the period (in HK\$'000)	19,641	12,994
Weighted average number of ordinary shares in issue (in thousands)	227,500	227,500
Adjustment for the assumed conversion of share options (in thousands)	85	-
Weighted average number of shares for diluted earnings per share (in thousands)	227,585	227,500
Diluted earnings per share (HK cents per ordinary share)	8.63	5.71

The share options have no dilutive effect on ordinary shares for the six months ended 30 September 2006 because the exercise price of the Company's share options was higher than the average market price of shares in the period.

10. Capital expenditure

	Property, plant and equipment HK\$'000	Leasehold land HK\$'000	PLB licences HK\$'000	Goodwill HK\$'000 (Restated)
Six months ended 30 September 2007:				
As at 1 April 2007 (Audited)	69,945	6,516	132,000	155,304
Additions	5,690	-	-	-
Reversal of deficit on revaluation credited to income statement	-	-	200	-
Surplus on revaluation credited to revaluation reserve	-	-	4,200	-
Disposals	(562)	-	-	-
Impairment	-	-	-	(300)
Depreciation/Amortisation charged	(6,198)	(76)	-	-
Exchange adjustment	77	-	-	-
As at 30 September 2007 (Unaudited)	68,952	6,440	136,400	155,004
Six months ended 30 September 2006:				
As at 1 April 2006 (Audited)	17,572	6,669	127,600	9,118
Acquisition of Chinalink Group* (Restated)	47,797	-	-	145,886
Additions (Restated)	9,782	-	-	300
Reversal of deficit on revaluation credited to income statement	-	-	100	-
Surplus on revaluation credited to revaluation reserve	-	-	2,100	-
Disposals	(202)	-	-	-
Depreciation/Amortisation charged	(4,333)	(76)	-	-
As at 30 September 2006 (Unaudited)	70,616	6,593	129,800	155,304

PLB licences were revalued on market basis as at each balance sheet date by Vigers Appraisal & Consulting Limited, an independent qualified valuer.

* "Chinalink Group" refers to Chinalink Express Holdings Limited and its subsidiaries.

11. Trade receivables

Majority of the Group's turnover is attributable to PLB and resident's bus services which are on cash basis or collected on the Group's behalf by Octopus Cards Limited and remitted to the Group on the following business day of service rendered. The credited terms granted by the Group for other turnover and other revenue range from 10 days to 90 days.

The ageing analysis of trade receivables was as follows:

	30 September 2007 Unaudited HK\$'000	31 March 2007 Audited HK\$'000
0 – 30 days	4,771	3,203
31 days – 60 days	277	1,211
61 days – 90 days	582	383
Over 90 days	852	789
	6,482	5,586

12. Trade payables

The ageing analysis of trade payables was as follows:

	30 September 2007 Unaudited HK\$'000	31 March 2007 Audited HK\$'000
0 – 30 days	6,387	5,342
31 days – 60 days	120	477
61 days – 90 days	151	47
Over 90 days	537	628
	7,195	6,494

13. Other non-current liability

	30 September 2007 Unaudited HK\$'000	31 March 2007 Audited HK\$'000
Contingent payment for extension of operation period of a subsidiary	2,748	2,670

The consideration for extension of operation period of a subsidiary is HK\$600,000 for every further year extended starting from 5 November 2009. The aggregate consideration is subject to a maximum amount of HK\$9,000,000. As at 30 September 2007, the contingent payment of \$3,000,000 discounted to the balance sheet date was accrued by the Group, as in the opinion of the directors, it is probable that the operation period of the subsidiary could be extended for five years. No provision has been made in respect of the remaining contingent payment of HK\$6,000,000 in these interim financial statements at the balance sheet date.

14. Share capital

	30 September 2007 Unaudited HK\$'000	31 March 2007 Audited HK\$'000
Authorised ordinary shares: 1,000,000,000 shares of HK\$0.1 each	100,000	100,000
Issued and fully paid ordinary shares: 227,500,000 shares of HK\$0.1 each	22,750	22,750

15. Share options

Movements in the number of share options outstanding during the period are as follows:

	For the six months ended 30 September 2007	2006
Number of options:		
At the beginning of the period	12,850,000	12,930,000
Granted	1,100,000	—
At the end of the period	13,950,000	12,930,000

Note:

Details of share option granted are set out on page 23 of this interim report.

16. Pledge of assets

As at 30 September 2007, the Group's banking facilities totaling HK\$147,088,000 (31 March 2007: HK\$156,234,000) were secured by the following:

- i) pledges of certain property, plant and equipment of the Group with net book value of HK\$55,062,000 (31 March 2007: HK\$58,619,000);
- ii) pledges of certain leasehold land of the Group with net book value of HK\$5,232,000 (31 March 2007: HK\$5,295,000);
- iii) pledges of certain PLB licences with carrying value of HK\$49,600,000 (31 March 2007: HK\$48,000,000);
- iv) floating charges on certain trade and other receivables with carrying value of HK\$5,524,000 (31 March 2007: HK\$5,642,000) and other assets with carrying value of HK\$11,782,000 (31 March 2007: HK\$5,609,000).

17. Capital commitment

The Group has the following outstanding capital commitments:

	30 September 2007 Unaudited HK\$'000	31 March 2007 Audited HK\$'000
Acquisition of property, plant and equipment	1,552	5,415

18. Contingent liabilities

As at 30 September 2007 and 31 March 2007, the Group had contingent liabilities not provided for in these interim financial statements in respect of the contingent payment of HK\$6,000,000 as detailed in note 13.

19. Related party transactions

The Group had the following material transactions with the related parties carried out in the ordinary course of business during the six months ended 30 September 2007:

	For the six months ended 30 September	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
a) Sale and purchase of services		
PLB hire charges paid to related companies (note i)	27,830	27,054
Agency fee income received		
from related companies (note i)	1,117	1,108
Cross-boundary public bus services income received		
from a related company (note ii)	379	–
b) Key management compensation		
Fees	510	510
Basic salaries, allowances and other benefits	3,869	3,226
Bonuses	1,584	1,310
Pension cost – defined contribution plans	54	52
Share option expenses	171	25
	6,188	5,123

- c)** As at 30 September 2007, the amount of guarantee provided for securing banking facilities by a minority shareholder of a subsidiary was HK\$12,300,000 (31 March 2007: HK\$12,300,000), which was proportional to his shareholding in the subsidiary.
- d)** A sum of HK\$327,000 was paid to a related company (note i) pursuant to a system development contract entered into with the related company and additional services provided thereunder (2006: Nil).

Notes:

- i) The transactions were entered into between the Group and the related companies in which Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, the directors of the Company, are the directors and major shareholders.
- ii) The director of the related company is also a director of a subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Result

For the six months ended 30 September 2007, the Group reported a turnover of HK\$196,474,000, a growth of 14.9%, compared with the same period of last year's HK\$170,980,000. Profit attributable to equity holders of the Company was HK\$19,641,000 versus last period's HK\$12,994,000, representing a satisfactory growth of 51.2%. The surge of profit was mainly attributable to the improvement of PLB services segment profit and the consolidation of six months of the Chinalink Group's results into the Group's, compared with the four months' results of the Chinalink Group during the same period of last year after the acquisition of 80% shareholdings of Chinalink Express Holdings Limited on 30 May 2006. The Board does not recommend payment of any interim dividend for the six months ended 30 September 2007.

MANAGEMENT REVIEW AND OUTLOOK

Review of Operations and Segment Results

Franchised Public Light Bus Operations

The performance of the PLB operations was encouraging during the six months ended 30 September 2007. Thanks to the growth of patronage and fare adjustment, the PLB services income increased by HK\$5,907,000 to HK\$142,642,000 (2006: HK\$136,735,000). The patronage of the Group's PLB operation was 26,300,000 during the six months ended 30 September 2007, compared with 25,700,000 in the same period of last year, representing a growth of 2.3%. Segment profit of the PLB operations grew by 39.4% to HK\$19,002,000, compared to last period's HK\$13,630,000. The segment profit margin was 13.2% compared with 9.9% of last year. The improvement of segment profit margin was mainly due to the drop in fuel price by around 6.4% during the reporting period.

As at 30 September 2007, the number of the green minibus routes in operation was increased to 51 (31 March 2007: 49) and the fleet size was increased to 298 (31 March 2007: 295). During the six-month period under review, the Group replaced 33 aged PLBs and therefore, the average fleet age was lowered to 5.4 years as at 30 September 2007 (31 March 2007: 6.7 years).

Cross-boundary Public Bus Operations

During the six-month period under review, the cross-boundary public bus business operated by the Chinalink Group contributes a turnover of HK\$52,484,000 (2006: HK\$32,860,000) to the Group, representing a growth of 59.7%. Segment profit contributed grew by 74.5% to HK\$11,102,000 compared with \$6,361,000 of last period. The growth was mainly due to the facts that the Group only consolidated four months' results of the Chinalink Group in the last period and the improvement in the profit margin of the Chinalink Group. The segment profit margin was improved from last period's 19.4% to 21.2%.

Through participating in a jointly controlled entity, China-Hong Kong Express Limited, the Chinalink Group provided a short-haul 24-hour cross-boundary shuttle service between Tsuen Wan and Huanggang (of Shenzhen) (“Tsuen Wan Line”).

The Chinalink Group also operated 5 long-haul cross-boundary routes between Hong Kong and each of Guangzhou, Zhongshan, Foshan, Yunfu and Wuzhou at the period end. The long-haul routes carried about 162,000 passengers (2006: 91,000 passengers) and recorded about 4,900 journeys (2006: 3,000 journeys) during the period under review. In addition, the Chinalink Group launched a new short-haul route between Jordan and Shekou (of PRC) in July 2007. Since the new route was still operating at an early stage, the contribution of this route to the Group was minimal up to the period end.

To optimise the cost structure, the number of cross-boundary public buses was reduced to 54 as at 30 September 2007 (31 March 2007: 58), of which 2 were locally operated public buses (31 March 2007: 4) and the remaining public buses were for cross-boundary operation. The average fleet age was 4.3 years (31 March 2007: 4.5 years).

Capital structure, liquidity and financial resources

Liquidity and financial resources

The Group's operations were mainly financed by proceeds from operation during the financial period under review. In terms of liquidity, the current ratio (current assets/current liabilities) was 0.71 times (31 March 2007: 0.94 times). The drop in the ratio was mainly attributable to the reduction in bank balances and cash after the distribution of final dividend for the last financial year which amounted to HK\$27,300,000 and the increase of short term borrowings and provisions. As at 30 September 2007, the Group had net current liabilities of HK\$17,331,000 (31 March 2007: HK\$2,871,000).

Borrowings

The short-term and long-term borrowings were HK\$22,345,000 (31 March 2007: HK\$19,024,000) and HK\$116,517,000 (31 March 2007: HK\$125,417,000) respectively. All borrowings as at 30 September 2007 and 31 March 2007 were denominated in Hong Kong Dollars and majority of them were on a floating interest rate basis. The gearing ratio (total liabilities/shareholders' equity) of the Group as at 30 September 2007 was 88.7%, maintained at a similar level compared with that of 87.7% as at 31 March 2007.

Bank balances and cash

As at 30 September 2007, the bank balances and cash of the Group were HK\$25,908,000 (31 March 2007: HK\$28,694,000). About 92% (31 March 2007: 95%) of the bank balances and cash were denominated in Hong Kong Dollars, the remaining were denominated in Renminbi (“RMB”) and Macau Patacu.

Banking facilities

As at 30 September 2007, the Group had banking facilities totaling a sum of HK\$147,088,000 (31 March 2007: HK\$156,234,000), of which approximately HK\$138,466,000 (31 March 2007: HK\$143,837,000) was utilised. Certain property, plant and equipment, leasehold land, PLB licences, trade and other receivables and other assets at a total net book value of approximately HK\$127,200,000 (31 March 2007: HK\$123,165,000) were pledged to banks for securing banking facilities granted to the Group.

Foreign currency risk management

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

To minimise the foreign exchange risk, the Group plans to use part of the cross-boundary public bus income in RMB to cover the operating expenses in RMB through natural hedging.

Contingent liabilities

As at 30 September 2007 and 31 March 2007, the Group had contingent liabilities not provided for in the consolidated financial statements in respect of the contingent payment of HK\$6,000,000 as detailed in note 13 to the financial statements.

Employees and remuneration policies

Since the PLB industry and the cross-boundary public bus industry are labour intensive in nature, employee benefit expenses accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses incurred for the year were HK\$67,886,000 (2006: HK\$61,960,000), which represented 37.8% (2006: 38.7%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus might be granted to eligible employee with reference to the Group's performance and individual's contribution. Other benefits included share option scheme, retirement and training schemes.

The headcounts of the Group are as follows:

	30 September 2007	31 March 2007
Drivers	938	920
Sales and administrative staff	209	203
Technicians	47	47
Total	1,194	1,170

Outlook

Franchised Public Light Bus Operations

The PLB segment is a mature industry and the Group is optimistic that the patronage and revenue will continue to grow steadily. In short term, the growing factor of the number of passengers is attributable to the growth in the Aberdeen and Cyberport area. On the other hand, the ever-escalating fuel price imposes a major threat on the PLB business in the second half of the current financial year, although the short period reduction of fuel price during the period under review has brought a positive effect to the profit margin. Through optimising the operational efficiency by re-arranging the resources on the routes, and applying for fare adjustments from the Transport Department, the management is optimistic about the future of the PLB business.

Cross-boundary Public Bus Operations

Contrary to the PLB sector, the cross-boundary public bus operations face intense market competition from railways and other public bus operators.

The following infrastructures launched during the period under review bring both opportunities and challenges to the Group.

- 1) The railway of Lok Ma Chau Line, launched in August 2007, may slow down the growth of cross-boundary public bus operations. So far, the impact on the Tsuen Wan Line was not material. The Company will keep monitoring the implication closely in the coming months, and will react to any changes instantly.
- 2) The Western Corridor at Shenzhen Bay was launched in July 2007. Travelers enjoy shorter clearance time by about 5 to 10 minutes at the customs, as compared with Huanggang control point. The traveling distance from Hong Kong to Guangzhou area will be shortened as well. In order to fully utilise the merits of this new control point, the Chinalink Group has shifted some of its current quotas to Shenzhen Bay control point and launched a short-haul shuttle route running between Jordan and Shekou in late July 2007. As long as the ancillary transport facilities at the Shenzhen Bay improve, we are optimistic that the short-haul shuttle route would bring fruitful return to the Group.
- 3) Cooperating with Shenzhen International Airport, the Chinalink Group launched the first Shenzhen Airport (Kowloon Station) In-town Check-in Center in Hong Kong on 30 October 2007. Apart from providing check-in services, the Chinalink Group also operates a shuttle bus route running between Shenzhen International Airport and Hong Kong. Passengers can travel to most of the inland cities in the PRC from Shenzhen International Airport and enjoy much more economical ticket fares. The route is still being operated at an early stage and we expect that this route will be more widely adopted by the passengers in the future.

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares and underlying shares in the Company and its associated corporations

As at 30 September 2007, the interests and short positions of the directors in the shares, underlying shares and debentures in/of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which would have to be recorded in the register required to be kept under Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”), were as follows:

Name of director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of share holding
(1) AMS Public Transport Holdings Limited					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	146,070,000	64.21%
	Long position	Beneficial owner	Personal	2,275,000	1.0%
	Long position	Spouse of Ms. Ng Sui Chun	Family	9,507,000	4.2%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	146,070,000	64.21%
	Long position	Beneficial owner	Personal	9,507,000	4.2%
	Long position	Spouse of Mr. Wong Man Kit	Family	2,275,000	1.0%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	146,070,000	64.21%
	Long position	Beneficial owner	Personal	2,275,000	1.0%
Mr. Chan Man Chun	Long position	Beneficial owner	Personal	3,595,000	1.58%
	Long position	Spouse of Ms. Chan Lai Ling	Family	200,000	0.09%
Dr. Lee Peng Fei, Allen	Long position	Beneficial owner	Personal	300,000	0.13%
Dr. Leung Chi Keung	Long position	Beneficial owner	Personal	300,000	0.13%

	Name of director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of share holding
(2)	Skyblue Group Limited					
	Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	2	100%
	Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	2	100%
	Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	2	100%
(3)	Metro Success Investments Limited					
	Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	100	100%
	Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	100	100%
	Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	100	100%
(4)	All Wealth Limited					
	Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	1	100%
	Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	1	100%
	Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	1	100%

					Approximate
Name of director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	percentage of share holding
(5)	A.I. International Holdings Limited				
Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	6	100%
Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	6	100%
Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	6	100%
(6)	Maxson Transportation Limited				
Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	180,000	60%
	Long position	Spouse of Ms. Ng Sui Chun	Family	30,000	10%
Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long position	Beneficial owner	Personal	30,000	10%
Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long position	Beneficial owner	Personal	45,000	15%
(7)	Hong Kong & China Transportation Consultants Limited				
Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	6,000	60%
	Long position	Spouse of Ms. Ng Sui Chun	Family	1,000	10%
Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long position	Beneficial owner	Personal	1,000	10%
Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long position	Beneficial owner	Personal	1,500	15%

Notes:

- (a) As at 30 September 2007, a total of 146,070,000 shares in the Company were held by Skyblue Group Limited (“Skyblue”), which is a wholly owned subsidiary of Metro Success Investments Limited (“Metro Success”). Metro Success is a wholly owned subsidiary of JETSUN UT CO. LTD. (“JETSUN”), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited (“HSBCITL”) as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Man Kit is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Mr. Wong Ling Sun, Vincent and Ms. Ng Sui Chun.
- (b) Ms. Ng Sui Chun is one of the discretionary objects of the discretionary trust as mentioned in Note (a) above and she personally held a long position of 9,507,000 shares in the Company as at 30 September 2007.
- (c) All Wealth Limited (“All Wealth”), A.I. International Holdings Limited (“AIH”), Maxson Transportation Limited (“Maxson”) and Hong Kong & China Transportation Consultants Limited (“HKCT”) (collectively “Associated Corporations”) are associated corporations within the meaning of Part XV of the SFO of the Company by virtue of Metro Success’s interests in the entire issued share capital of each of the Associated Corporations. Mr. Wong Man Kit, being the settlor of The JetSun Trust, and Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, being the discretionary objects of The JetSun Trust, are deemed to be interested in all the Associated Corporations.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, none of the directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

On 22 March 2004, the Company adopted a share option scheme (“Share Option Scheme”) pursuant to which the eligible persons may be granted options to subscribe for shares of the Company upon and subject to a maximum number of shares available for issue under options, which if granted thereunder is 22,750,000, representing 10% of the issued shares of the Company as at the date of this interim report. The subscription price determined by the Board will be at least the higher of (i) the closing price of the Company’s share as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the Company’s share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company’s shares.

Outstanding share options

Details of the outstanding options of the Company as at 30 September 2007 which have been granted under the Share Option Scheme are as follows:

Name of director	Date of grant (d/m/y)	Number of options granted	Period during which rights exercisable (d/m/y)	Exercise price per share of options (HK\$)	Outstanding at 1 April 2007	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Outstanding at 30 September 2007
<i>Category 1: Directors (Note 1)</i>									
Mr. Wong Man Kit	8/11/2004	2,000,000	9/11/2004- 7/11/2014	1.57	2,000,000	-	-	-	2,000,000
	12/4/2007	275,000	12/4/2007- 11/4/2017	1.418	-	275,000	-	-	275,000
<i>In aggregate</i>					2,000,000	275,000	-	-	2,275,000
Ms. Ng Sui Chun	8/11/2004	2,000,000	9/11/2004- 7/11/2014	1.57	2,000,000	-	-	-	2,000,000
	12/4/2007	275,000	12/4/2007- 11/4/2017	1.418	-	275,000	-	-	275,000
<i>In aggregate</i>					2,000,000	275,000	-	-	2,275,000
Mr. Chan Man Chun	8/11/2004	2,000,000	9/11/2004- 7/11/2014	1.57	2,000,000	-	-	-	2,000,000
	3/4/2007	275,000	3/4/2007- 2/4/2017	1.43	-	275,000	-	-	275,000
<i>In aggregate</i>					2,000,000	275,000	-	-	2,275,000
Mr. Wong Ling Sun, Vincent	8/11/2004	2,000,000	9/11/2004- 7/11/2014	1.57	2,000,000	-	-	-	2,000,000
	12/4/2007	275,000	12/4/2007- 11/4/2017	1.418	-	275,000	-	-	275,000
<i>In aggregate</i>					2,000,000	275,000	-	-	2,275,000
Dr. Lee Peng Fei, Allen	8/11/2004	300,000	9/11/2004- 7/11/2014	1.57	300,000	-	-	-	300,000
Dr. Leung Chi Keung	8/11/2004	300,000	9/11/2004- 7/11/2014	1.57	300,000	-	-	-	300,000
<i>Total directors</i>					8,600,000	1,100,000	-	-	9,700,000
Category 2: Employees (Note 2)	8/11/2004	4,450,000	9/11/2004- 7/11/2014	1.57	4,250,000	-	-	-	4,250,000
<i>Total all categories</i>					12,850,000	1,100,000	-	-	13,950,000

Notes:

- (1) The closing price of share immediately before the date of grant of 8 November 2004, 3 April 2007 and 12 April 2007 was HK\$1.56, HK\$1.41 and HK\$1.41 respectively. All options granted to directors were vested immediately on the date of grant.
- (2) A total of 4,450,000 options were granted to employees on 8 November 2004. Out of the balance, 2,450,000 options were to be vested in five equal tranches on 8 November 2004, 2005, 2006, 2007 and 2008. The first tranche vested on 8 November 2004 was exercisable on the next business day on 9 November 2004 and up to 7 November 2014. The second, third, fourth and fifth tranches were exercisable when vested and exercisable up to 7 November 2014. The remaining 2,000,000 options were vested on 8 November 2004 and was exercisable on the next business day on 9 November 2004 and up to 7 November 2014.
- (3) No option was exercised, lapsed or cancelled during the six months ended 30 September 2007.
- (4) During the six months ended 30 September 2007, 1,100,000 share options were granted. The fair value of these options on the date of grant was HK\$155,000, calculated using the Black-Scholes option pricing model. The significant inputs into the model were as follows:

Date of grant	3 April 2007	12 April 2007
Number of share options	275,000	825,000
Closing price of the Company's share immediately before the date of grant	HK\$1.41	HK\$1.41
Exercise price	HK\$1.43	HK\$1.418
Annual risk-free interest rate	4.2%	4.2%
Expected life	10 years	10 years
Expected dividend paid out rate	8.2%	8.2%
Expected volatility	28.4%	28.4%

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of monthly share prices over the period from the date of initial listing of the Company's shares on the Main Board to the date of grant.

The Black-Scholes option pricing model requires the input of subjective assumptions. Changes in the inputs may materially affect the fair value estimate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, the following persons (other than the directors of the Company) who have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder		Number of shares/ underlying shares held	Percentage
HSBCITL	(Note a)	146,070,000	64.21%
JETSUN	(Note a)	146,070,000	64.21%
Metro Success	(Note a)	146,070,000	64.21%
Skyblue	(Note a)	146,070,000	64.21%
Cheah Cheng Hye ("CCH")	(Note c)	20,460,000	8.99%
Value Partners Limited ("VPL")	(Note c)	20,460,000	8.99%
Value Partners High-Dividend Stocks Fund ("VP-HDSF")	(Note c)	20,460,000	8.99%
Bermuda Trust (Cook Islands) Limited ("BTL")	(Note b)	13,500,000	5.93%
The Seven International Holdings Limited ("SIHL")	(Note b)	13,500,000	5.93%
The Seven Capital Limited ("SCL")	(Note b)	13,500,000	5.93%

Notes:

- (a) As at 30 September 2007, a total of 146,070,000 shares were held by Skyblue, a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBCITL as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL.
- (b) As at 30 September 2007, these shares are held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of BTL. BTL is accustomed and obliged to act in accordance with the discretions or instructions of HSBCITL.
- (c) As at 30 September 2007, these shares are held by VP-HDSF. Its investment manager is VPL, which in turn is controlled by CCH.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a director and chief executive of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 September 2007.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in Appendix 14 “Code on Corporate Governance Practices” (“Code”) of the Listing Rules for the six months ended 30 September 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code in Appendix 10 of the Listing Rules throughout the six months ended 30 September 2007. The Company had also made specific enquiries of all directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Dr. Lee Peng Fei, Allen, Dr. Leung Chi Keung and Mr. Lam Wai Keung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the unaudited interim financial statements.

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

During the six months ended 30 September 2007, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

By Order of the Board
Wong Man Kit
Chairman

Hong Kong, 14 December 2007

AMS PUBLIC TRANSPORT HOLDINGS LIMITED
進智公共交通控股有限公司

11th-12th Floor, Abba Commercial Building
223 Aberdeen Main Road, Hong Kong
香港香港仔大道223號利群商業大廈11-12樓
Tel 電話：2873 6808 Fax 傳真：2873 2042
Website 網址：www.amspt.com