

Interim Report
中期報告書
2009/2010



緊扣兩地
貫通中港

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)



The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2009, together with the unaudited comparative figures for the corresponding period in 2008. 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 2009

	Notes	For the six months ended 30 September	
		2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
Turnover	3	213,211	205,932
Direct costs		(158,569)	(163,464)
Gross profit		54,642	42,468
Other revenue	4	3,389	3,084
Other net income	4	868	172
Administrative expenses		(28,598)	(25,738)
Other operating expenses		(965)	(1,293)
Operating profit		29,336	18,693
Finance costs		(1,098)	(1,854)
Share of results of a jointly controlled entity		199	121
Profit before income tax	6	28,437	16,960
Income tax expense	7	(4,924)	(2,956)
Profit for the period		23,513	14,004
Profit for the period attributable to:			
Equity holders of the Company		22,673	12,563
Minority interest		840	1,441
		23,513	14,004
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (HK cents)	9	9.97	5.52
– Diluted (HK cents)	9	N/A	N/A



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	For the six months ended 30 September	
	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
Profit for the period	23,513	14,004
Other comprehensive income		
– Surplus/(Deficit) on revaluation of PLB licences	6,090	(6,300)
– Exchange gain on translation of financial statements of foreign operations	–	141
Other comprehensive income for the period	6,090	(6,159)
Total comprehensive income for the period	29,603	7,845
Total comprehensive income attributable to:		
Equity holders of the Company	28,763	6,404
Minority interest	840	1,441
	29,603	7,845

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2009

		30 September 2009 Unaudited HK\$'000	31 March 2009 Audited HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	69,846	58,937
Leasehold land	10	6,134	6,210
PLB licences	10	131,560	125,180
Goodwill	10	167,592	164,445
Interest in a jointly controlled entity		333	134
Deferred tax assets		245	85
		375,710	354,991
Current assets			
Trade receivables	11	5,747	6,014
Other receivables		13,967	13,196
Amount due from a jointly controlled entity		1,017	1,252
Tax recoverable		–	56
Bank balances and cash		34,794	38,524
		55,525	59,042
Current liabilities			
Borrowings		42,607	28,262
Trade payables	12	7,891	7,765
Other payables		20,465	18,161
Deferred income		4,553	3,785
Other financial liability		4,650	4,650
Other current liability	13	6,000	9,000
Tax payable		8,017	5,452
		94,183	77,075
Net current liabilities		(38,658)	(18,033)
Total assets less current liabilities		337,052	336,958



CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 September 2009

		30 September 2009 Unaudited HK\$'000	31 March 2009 Audited HK\$'000
	Notes		
Non-current liabilities			
Borrowings		73,174	80,743
Deferred tax liabilities		5,743	4,933
		78,917	85,676
Net assets			
		258,135	251,282
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	22,750	22,750
Reserves		216,475	210,462
		239,225	233,212
Minority interest			
		18,910	18,070
Total equity			
		258,135	251,282

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	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	Sub-total HK\$'000	Minority interest HK\$'000	Total equity HK\$'000
As at 1 April 2009 (Audited)	22,750	47,779	33,897	567	19,296	658	108,265	233,212	18,070	251,282
Profit for the period	-	-	-	-	-	-	22,673	22,673	840	23,513
Other comprehensive income										
- Surplus on revaluation of PLB licences	-	-	6,090	-	-	-	-	6,090	-	6,090
Total comprehensive income for the period	-	-	6,090	-	-	-	22,673	28,763	840	29,603
Dividends paid	-	-	-	-	-	-	(22,750)	(22,750)	-	(22,750)
As at 30 September 2009 (Unaudited)	22,750	47,779	39,987	567	19,296	658	108,188	239,225	18,910	258,135
As at 1 April 2008 (Audited)	22,750	47,779	48,807	521	19,296	491	91,851	231,495	15,309	246,804
Profit for the period	-	-	-	-	-	-	12,563	12,563	1,441	14,004
Other comprehensive income/(expense)										
- Deficit on revaluation of PLB licences	-	-	(6,300)	-	-	-	-	(6,300)	-	(6,300)
- Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	141	-	141	-	141
Total comprehensive income/(expense) for the period	-	-	(6,300)	-	-	141	12,563	6,404	1,441	7,845
Share-based compensation	-	-	-	17	-	-	-	17	-	17
Dividends paid to minority interest	-	-	-	-	-	-	-	-	(420)	(420)
Dividends paid	-	-	-	-	-	-	(22,750)	(22,750)	-	(22,750)
	-	-	-	17	-	-	(22,750)	(22,733)	(420)	(23,153)
As at 30 September 2008 (Unaudited)	22,750	47,779	42,507	538	19,296	632	81,664	215,166	16,330	231,496



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2009

	For the six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash inflow from operating activities	29,707	25,320
Net cash outflow from investing activities	(15,514)	(2,252)
Net cash outflow from financing activities	(18,273)	(32,201)
Net decrease in cash and cash equivalents	(4,080)	(9,133)
Cash and cash equivalents at the beginning of the period	37,850	33,616
Effect of foreign exchange rate changes, on cash held	–	82
Cash and cash equivalents at the end of the period	33,770	24,565
Analysis of cash and cash equivalents		
Bank balances and cash	34,794	30,162
Bank overdrafts	(1,024)	(5,597)
	33,770	24,565

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2009

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 (the “Main Board”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 April 2004.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards (the “HKASs”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2009, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed in note 2 to the condensed consolidated financial statements.

These condensed consolidated financial statements do 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 2009.

2. Adoption of new and revised HKFRSs

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 2009.

In the current period, the Group has adopted the following new and revised accounting standards and interpretations of HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 8	Operating Segments
Various	Improvements to HKFRSs 2008

Other than as noted below, the adoption of these new and revised HKFRSs did not change the Group’s accounting policies as followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2009.



2. Adoption of new and revised HKFRSs (Continued)

HKAS 1 (Revised 2007) Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard.

HKFRS 8 Operating Segments

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

3. Turnover

	For the six months ended 30 September	
	2009	2008
	Unaudited HK\$'000	Unaudited HK\$'000
Franchised PLB services income	150,695	146,497
Cross-boundary public bus services income	62,516	59,435
	213,211	205,932

4. Other revenue and other net income

	For the six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Other revenue		
Agency fee income	1,252	1,252
Repair and maintenance service income	623	422
Rental income of cross-boundary quota	491	491
Advertising income	336	510
Travel agency income	334	–
Management fee income	268	282
Licence fee income	53	–
Interest income	32	127
	3,389	3,084
	3,389	3,084
Other net income		
Reversal of deficit on revaluation of PLB licences	290	–
Net gain on disposal of property, plant and equipment	25	–
Exchange gain	7	–
Sundry income	546	172
	868	172
	868	172
	4,257	3,256

5. Segment information

On adoption of HKFRS 8 *Operating Segments*, the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the executive directors are determined following the Group's major service lines. The Group has identified two reportable segments: (i) franchised PLB services and (ii) cross-boundary public bus services. The Board considers that the adoption of HKFRS 8 has not changed the identified operating segments for the Group as reported in the Group's annual financial statements for the year ended 31 March 2009.



5. Segment information (Continued)

Information regarding the Group's reportable segments is set out below:

	Franchised PLB services	Cross- boundary public bus services	Inter-segment elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 September 2009 (Unaudited)				
Segment revenue	150,695	62,516	-	213,211
Segment profit before income tax	23,192	5,245	-	28,437
Income tax expense	(3,876)	(1,048)	-	(4,924)
Profit for the period	19,316	4,197	-	23,513
Minority interest				(840)
Profit attributable to equity holders				22,673
For the six months ended 30 September 2008 (Unaudited)				
Segment revenue	146,497	59,435	-	205,932
Segment profit before income tax	8,407	8,553	-	16,960
Income tax expense	(1,611)	(1,345)	-	(2,956)
Profit for the period	6,796	7,208	-	14,004
Minority interest				(1,441)
Profit attributable to equity holders				12,563
As at 30 September 2009 (Unaudited)				
Reportable segment assets	183,293	247,942	-	431,235
As at 31 March 2009 (Audited)				
Reportable segment assets	179,149	234,902	(18)	414,033

6. Profit before income tax

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

	For the six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Fuel cost	33,133	44,262
Employee benefit expense (including directors' emoluments)	72,578	70,504
Operating lease rental in respect of		
– PLBs and public buses	32,523	32,607
– cross-boundary quotas	2,587	2,312
– land and buildings	2,075	1,178
Depreciation of property, plant and equipment	5,499	5,193
Amortisation charge of leasehold land included in administrative expenses	76	76
Net exchange (gain)/loss	(7)	17
(Reversal of deficit)/deficit on revaluation of PLB licences charged to income statement	(290)	300
Net (gain)/loss on disposal of property, plant and equipment	(25)	153

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period. Overseas taxation has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. The amount of taxation charged to the condensed consolidated income statement represents:

	For the six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax	4,164	3,142
– Overseas taxation	110	135
Deferred tax	4,274	3,277
	650	(321)
Income tax expense	4,924	2,956



8. Dividends

	For the six months ended 30 September 2009		2008
	Unaudited		Unaudited
	HK\$'000		HK\$'000
2009 final dividend of HK10.0 cents (2008: HK10.0 cents) per ordinary share	22,750		22,750

Notes:

- (i) For the year ended 31 March 2009, the Board declared a final dividend of HK10.0 cents (2008: HK10.0 cents) per ordinary share on 22 July 2009. The final dividend attributable to the previous financial year was approved and paid during the interim period.
- (ii) The Board does not recommend payment of any interim dividend for the six months ended 30 September 2009 (2008: Nil).

9. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK\$22,673,000 (2008: HK\$12,563,000) by the weighted average number of 227,500,000 (2008: 227,500,000) ordinary shares in issue during the period.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period, after adjusting the dilutive effect of the outstanding share options granted by the Company.

The share options have no dilutive effect on ordinary shares for the six months ended 30 September 2009 and 30 September 2008 because the exercise price of the Company's share options was higher than the average market price of the Company's shares in the period.

10. Capital expenditure

	Property, plant and equipment HK\$'000	Leasehold land HK\$'000	PLB licences HK\$'000	Goodwill HK\$'000
Six months ended 30 September 2009:				
As at 1 April 2009 (Audited)	58,937	6,210	125,180	164,445
Additions	14,008	-	-	-
Acquisition of a subsidiary	2,400	-	-	3,147
Reversal of deficit on revaluation credited to income statement	-	-	290	-
Surplus on revaluation credited to revaluation reserve	-	-	6,090	-
Depreciation/Amortisation charged	(5,499)	(76)	-	-
As at 30 September 2009 (Unaudited)	69,846	6,134	131,560	167,592
Six months ended 30 September 2008:				
As at 1 April 2008 (Audited)	63,343	6,363	140,800	155,024
Additions	3,917	-	-	-
Deficit on revaluation charged to income statement	-	-	(300)	-
Deficit on revaluation charged to revaluation reserve	-	-	(6,300)	-
Disposals	(1,818)	-	-	-
Depreciation/Amortisation charged	(5,193)	(76)	-	-
Exchange adjustment	60	-	-	-
As at 30 September 2008 (Unaudited)	60,309	6,287	134,200	155,024

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



11. Trade receivables

Majority of the Group's turnover is attributable to the franchised PLB services which is received in cash or collected by Octopus Cards Limited and remitted to the Group on the next business day of the service rendered. The credit terms granted by the Group to other trade debtors range from 0 days to 90 days.

The ageing analysis of trade receivables is as follows:

	30 September 2009 Unaudited HK\$'000	31 March 2009 Audited HK\$'000
0 to 30 days	4,747	4,396
31 to 60 days	336	1,159
61 to 90 days	350	216
Over 90 days	314	243
	5,747	6,014

12. Trade payables

The ageing analysis of trade payables is as follows:

	30 September 2009 Unaudited HK\$'000	31 March 2009 Audited HK\$'000
0 to 30 days	7,135	6,433
31 to 60 days	300	703
61 to 90 days	332	104
Over 90 days	124	525
	7,891	7,765

13. Other current liability

	30 September 2009 Unaudited HK\$'000	31 March 2009 Audited HK\$'000
Payment for extension of operation period of a subsidiary	6,000	9,000

14. Share capital

	30 September 2009 Unaudited HK\$'000	31 March 2009 Audited HK\$'000
Authorised ordinary shares: 1,000,000,000 shares of HK\$0.10 each	100,000	100,000
Issued and fully paid ordinary shares: 227,500,000 shares of HK\$0.10 each	22,750	22,750

15. Share options

There was no movement in the number of share options outstanding during both six months ended 30 September 2009 and 2008:

	For the six months ended 30 September 2009	2008
Number of options: As at 1 April and 30 September	13,950,000	13,950,000

Note: Details of share option are set out on page 27 of this interim report.

16. Pledge of assets

As at 30 September 2009, the Group's banking facilities totaling HK\$127,449,000 (31 March 2009: HK\$125,849,000) were secured by the following:

- (i) pledges of certain property, plant and equipment of the Group with net book value of HK\$34,863,000 (31 March 2009: HK\$41,155,000);
- (ii) pledges of certain leasehold land of the Group with net book value of HK\$1,381,000 (31 March 2009: HK\$1,396,000);
- (iii) pledges of certain PLB licences with carrying value of HK\$47,840,000 (31 March 2009: HK\$45,520,000);
- (iv) floating charges on certain trade and other receivables with carrying value of HK\$9,920,000 (31 March 2009: HK\$9,879,000), bank balances and cash with carrying value of HK\$12,144,000 (31 March 2009: HK\$14,174,000) and other assets with carrying value of HK\$1,351,000 (31 March 2009: HK\$1,386,000).



17. Capital commitment

As at 30 September 2009, the Group has the following capital commitments:

	30 September 2009 Unaudited HK\$'000	31 March 2009 Audited HK\$'000
Contracted but not provided for:		
– Property, plant and equipment	9,142	15,567

18. Contingent liabilities

As at 30 September 2009 and 31 March 2009, the Group had no contingent liabilities not provided for in the condensed consolidated financial statements.

19. Related party transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, during the six months ended 30 September 2009, the Group had the following significant transactions with its related parties:

	Notes	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
(a) Key management compensation			
Fees		510	510
Salaries, allowances and benefits in kind		3,713	3,657
Bonuses		1,509	1,594
Contribution to defined contribution plans		56	56
Share-based compensation		–	8
		5,788	5,825
(b) Sale and purchase of services			
Agency fee income received	(i)	1,155	1,155
Repair and maintenance services income received	(i)	123	341
Management fee income received	(i)	268	282
Cross-boundary public bus services income received	(ii)	–	241
PLB hire charges paid	(i)	27,527	28,212
Commission expenses paid	(ii)	–	389
Cross-boundary public bus hire charges paid	(ii)	75	240
Rental expenses paid	(ii)	–	124
System development services fee paid	(i)	43	–

19. Related party transactions (Continued)

- (c) During the period, the Group entered into system development contracts totaling HK\$420,000 with a related company (note (i)). The contract sum has not been provided for but has been included in capital commitment (note 17).
- (d) As at 30 September 2009, the amount of guarantee provided for securing banking facilities by a minority shareholder of a subsidiary was HK\$23,710,000 (31 March 2009: HK\$17,950,000).

Notes:

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

20. Business combination

On 31 August 2009, the Group's subsidiary, Chinalink Transport Group Limited, acquired 100% of the equity interests of Wai Lok Tours and Coach Company Limited ("Wai Lok"), a company principally engaged in the provision of passenger transportation services in Hong Kong and the PRC.

Wai Lok contributed no revenue but net profit of HK\$62,000 to the Group for the interim period.

Had the acquisition taken place on 1 April 2009, the Group's revenue and net profit before allocations for the period would have been HK\$213,658,000 and HK\$23,103,000 respectively. Such pro forma information is for illustrative purposes only and does not necessarily serve as an indication of revenue and results of operations that the Group would actually have achieved had the acquisition been completed on 1 April 2009, and is not intended to be a projection of future results of the Group.

Details of the net assets/(liabilities) acquired and goodwill are as follows:

	Unaudited HK\$'000
Purchase consideration:	
– cash paid	1,509
– cash payable	1,891
– direct costs relating to the acquisition	28
	<hr/>
Total purchase consideration	3,428
Fair value of net assets acquired	(281)
	<hr/>
Goodwill (note 10)	3,147
	<hr style="border-top: 3px solid black;"/>

The goodwill is attributable to the high profitability of the business of Wai Lok and the significant synergies expected to arise after the acquisition.



20. Business combination (Continued)

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount Unaudited HK\$'000	Fair value Unaudited HK\$'000
Property, plant and equipment	757	2,400
Trade and other payables	(170)	(170)
Borrowings	(1,949)	(1,949)
Net assets/(liabilities) acquired	<u>(1,362)</u>	<u>281</u>
Purchase consideration settled in cash		1,531
Bank balances and cash of the subsidiary acquired		<u>–</u>
Cash outflow on acquisition		<u>1,531</u>

21. Financial guarantee contracts

As at 30 September 2009, the Company had executed corporate guarantees to secure general banking facilities granted to its subsidiaries which amounted to HK\$148,871,000 (31 March 2009: HK\$146,869,000). Under the guarantees, the Company would be liable to pay the bank(s) if the bank(s) is/are unable to recover the loans. As at the balance sheet date, the outstanding balance of the bank loans was HK\$108,898,000 (31 March 2009: HK\$107,399,000) and this represents the Company's maximum exposure under the guarantees. During the period, no provision for the Company's payment obligation under the guarantees was made as the Board considers that default on any loan repayment was not probable.

22. Comparative figures

Certain comparative figures of other revenue and other net income have been re-classified to conform to the presentation of figures for the current period. The management believes that the reclassification would lead to a fairer presentation of the Group's activities.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results

For the six months ended 30 September 2009, the Group achieved a total turnover of HK\$213,211,000, representing a growth of 3.5% compared with the same period of last year's HK\$205,932,000. Profit attributable to equity holders of the Company was HK\$22,673,000 versus HK\$12,563,000 in 2008, representing a significant increase of 80.5%. Gross profit margin for the period rebounded to 25.6% from 20.6% reported in the corresponding period of last year. The jump in gross profit margin and net profit was mainly attributable to the fall in fuel costs during the period under review. The Board does not recommend payment of any interim dividend for the six months ended 30 September 2009.

MANAGEMENT REVIEW AND OUTLOOK

Review of Operations and Segment Results

The turnover and segment results generated from the two business segments of the Group are summarised as follows:

	For the six months ended 30 September					
	Franchised PLB services		Cross-boundary public bus services		Total	
	2009	2008	2009	2008	2009	2008
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Segment revenue	150,695	146,497	62,516	59,435	213,211	205,932
Segment operating profit	23,913	9,680	5,423	9,013	29,336	18,693
Finance costs	(721)	(1,273)	(377)	(581)	(1,098)	(1,854)
Share of results of a jointly controlled entity	-	-	199	121	199	121
Segment profit before income tax	23,192	8,407	5,245	8,553	28,437	16,960
Income tax expense	(3,876)	(1,611)	(1,048)	(1,345)	(4,924)	(2,956)
Profit for the period	19,316	6,796	4,197	7,208	23,513	14,004
Minority interest					(840)	(1,441)
Profit attributable to equity holders					22,673	12,563



Franchised Public Light Bus Operations

As public transport is a kind of necessity to the daily life of the general public, the passenger demand of the minibus services remained stable despite the economic downturn. During the period under review, no new route was introduced (30 September 2009 and 31 March 2009: 49) while the fleet size was slightly enlarged to 300 (31 March 2009: 299). The turnover from the franchised PLB services slightly increased by 2.9% or HK\$4,198,000 to HK\$150,695,000 (2008: HK\$146,497,000) during the period under review. The Group has not increased any minibus fare since late 2008.

On the costs side, benefiting from the decrease in international fuel price since the outbreak of financial tsunami in 2008, the fuel costs for the period under review largely reduced to HK\$24,550,000 (2008: HK\$35,417,000), thus saving the Group HK\$10,867,000 or 30.7% compared with the last period.

Helped by the two main factors above, the profit for the period of the minibus operations jumped by 184% or HK\$12,520,000 to HK\$19,316,000 (2008: HK\$6,796,000).

The Group is dedicated to protecting the environment by replacing aged minibuses with new environmentally friendly Euro models in recent years. However, the replacement plan was suspended during the period under review because some mechanical features of the latest Euro IV minibuses had seriously affected operational efficiency and increased the repair costs. The Group has communicated the problems to the Transport Department and the manufacturers, and hopes that the problems could be resolved in the near future.

The average fleet age remained at 5.9 years as at 30 September 2009 (31 March 2009: 5.9 years).

Cross-boundary Public Bus Operations

The cross-boundary public bus business, however, has been subject to intense market competition and is sensitive to the economic situation. During the period under review, the turnover from the joint venture 24-hour cross-boundary Tsuen Wan-Huanggang (of Shenzhen) shuttle route (the "Tsuen Wan Line") continued to drop as a result of the competition from the Lok Ma Chau spur line and the diversion of traffic flow to the Shenzhen Bay control point. Besides, as the competition among the long-haul routes operators had become more intense and a price war was triggered in the market, a drop in revenues from long-haul routes was resulted. Nevertheless, the overall turnover from the cross-boundary public bus operations was up by 5.2% or HK\$3,081,000 to HK\$62,516,000 (2008: HK\$59,435,000) due to the continuous patronage growth in the Shenzhen shuttles routes running between the Shenzhen International Airport, Baoan and Shajing districts of Shenzhen and Hong Kong via the Shenzhen Bay control point (the "Shenzhen Shuttles Routes").

Despite the growth in turnover, the profit for the period of the cross-boundary public bus operations fell by 41.8% or HK\$3,011,000 to HK\$4,197,000 (2008: HK\$7,208,000), which was mainly attributable to the drop in operating profit of the Tsuen Wan Line and the increase in administrative expenses.

With relatively higher frequency and loading, the Tsuen Wan Line has a higher profit margin compared with other routes. Therefore, the growth in patronage of other routes was not able to make up for the decline in patronage of the Tsuen Wan Line during the period under review. Also, in order to further promote the popularity of the Shenzhen Shuttles Routes, the Group had further expanded its business to provide one-stop hotel and air tickets booking services and has put more resources into advertisement and promotional campaigns. As a result, administrative expenses, particularly rental expenses, staff costs and advertising costs, had increased significantly.

During the period, a new long-haul route running between Jiangmen and Hong Kong was introduced. Together with the existing 4 routes of Guangzhou, Foshan, Yunfu and Wuzhou, there were a total of 5 long-haul cross-boundary routes as at 30 September 2009 (31 March 2009: 4). The fleet size of public buses was expanded to 69 as at 30 September 2009 (31 March 2009: 62) and the average fleet age was 4.3 years (31 March 2009: 5.1 years).

Finance costs

Finance costs dropped significantly by 40.8% or HK\$756,000 to HK\$1,098,000 (2008: HK\$1,854,000) during the period under review due to the low interest rate environment as compared with the same period of last year.

Income tax expense

Income tax expense increased by HK\$1,968,000 to HK\$4,924,000 (2008: HK\$2,956,000) alongside the rise in profit before income tax during the period under review. The effective tax rate was 17.3% for the period (2008: 17.4%).

Capital structure, liquidity and financial resources

Liquidity and financial resources

The Group's operations were mainly financed by proceeds from operations during the period under review. In terms of liquidity, the current ratio (current assets/current liabilities) was 0.59 times (31 March 2009: 0.77 times). The drop in the ratio was mainly attributable to the increase in current portion of bank borrowings by HK\$14,345,000 and the decrease in bank balances and cash after payment of final dividends for the last financial year end. As at 30 September 2009, the Group had net current liabilities of HK\$38,658,000 (31 March 2009: HK\$18,033,000).

The Group entered into an agreement with a bank to refinance a loan amounted to HK\$52,000,000 on 20 October 2009. Had the refinancing taken place on 30 September 2009, the net current liability and the current ratio as at 30 September 2009 would have been HK\$23,058,000 and 0.71 times respectively.



As at 30 September 2009, the bank balances and cash of the Group amounted to HK\$34,794,000 in aggregate (31 March 2009: HK\$38,524,000). About 93% (31 March 2009: 81%) of the bank balances and cash were denominated in Hong Kong Dollars, while the remaining were in Renminbi (“RMB”) and Macau Patacu.

Borrowings

The short-term and long-term borrowings were HK\$42,607,000 (31 March 2009: HK\$28,262,000) and HK\$73,174,000 (31 March 2009: HK\$80,743,000) respectively. New borrowing of HK\$14,482,000 was incepted during the period for the purchase of cross-boundary public buses. As a result, the gearing ratio (total liabilities/shareholders’ equity) of the Group as at 30 September 2009 was slightly up to 72.4%, compared with that of 69.8% as at 31 March 2009.

All borrowings as at 30 September 2009 and 31 March 2009 were denominated in Hong Kong Dollars and a majority of them were made on a floating interest rate basis.

Banking facilities

As at 30 September 2009, the Group had banking facilities totaling HK\$127,449,000 (31 March 2009: HK\$125,849,000), of which approximately HK\$113,192,000 (31 March 2009: HK\$108,073,000) 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\$107,499,000 (31 March 2009: HK\$113,510,000) 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 of 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 collects 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 2009 and 31 March 2009, the Group had no contingent liabilities not provided for in the consolidated 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 account for a substantial part of the total operating costs of the Group. Employee benefit expenses incurred for the period amounted to HK\$72,578,000 (2008: HK\$70,504,000), which represented 37.4% (2008: 36.1%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus might be granted to eligible employees with reference to the Group's performance and individual's contribution. Other benefits included share option scheme, retirement plans and training schemes.

The headcounts of the Group were as follows:

	As at 30 September 2009	As at 31 March 2009
Captains	1,007	1,011
Sales and administrative staff	273	242
Technicians	50	50
Total	1,330	1,303

Outlook

The Group remains confident in the future of the franchised PLB operations. The demand for minibus services is stable and the fuel price has returned to a more reasonable level. Nevertheless, the Group may face pressure from the gradually climbing fuel price, labour costs and repair costs in the coming year. The Group will continue to enhance fleet efficiency and implement cost saving plans, and will consider applying for fare adjustment if the fuel price hikes again.

On the contrary, the coming year will be a difficult time for the cross-boundary public bus operations. The fear over swine flu has eased but not totally swept yet. Its impact on tourism of Hong Kong in the coming year is still unpredictable. Also, with increased traffic flow in the Shenzhen Bay control point, the competition faced by the Shenzhen Shuttle Routes has become more intense. In order to boost the public awareness of our services, the Group will carry out intensive advertising and promotional plans to publicise our public bus, air ticket and hotel booking services. Also, the Group will continue to invest more resources in improving operational efficiency and developing new ancillary routes for the convenience of our passengers. The Group is committed to exploring new business opportunities to bring robust returns to our shareholders.



DIRECTORS' INTERESTS IN SHARES

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

As at 30 September 2009, 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 (the "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 (the "Model Code"), were as follows:

Name of director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held (Note d)	Approximate percentage of shareholding
(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	1.00%
	Long position	Spouse of Ms. Ng Sui Chun	Family	12,097,000	5.32%
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	12,097,000	5.32%
	Long position	Spouse of Mr. Wong Man Kit	Family	2,275,000	1.00%
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	1.00%
	Long position	Spouse of Ms. Loo Natasha Christie	Family	270,000	0.12%
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 (Note d)	Approximate percentage of shareholding
(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%



Name of director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
				(Note d)	
(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 2009, 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 Company (PTC) Limited (“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 12,097,000 shares in the Company as at 30 September 2009.
- (c) All Wealth Limited, A.I. International Holdings Limited, Maxson Transportation Limited and Hong Kong & China Transportation Consultants Limited (collectively referred to as the “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.
- (d) The figures include interests in share options held by each of the directors. Please refer to the “Share Options” section for details.

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 in/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 (the “Share Option Scheme”) pursuant to which the eligible persons may be granted options to subscribe for shares in 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 in 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 share options of the Company as at 30 September 2009 which have been granted under the Share Option Scheme are as follows:

Name of directors	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 2009	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 2009
<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>					2,275,000	-	-	-	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>					2,275,000	-	-	-	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>					2,275,000	-	-	-	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>					2,275,000	-	-	-	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
Total Directors					9,700,000	-	-	-	9,700,000
<i>Category 2: Employees (Note 2)</i>									
	8/11/2004	4,450,000	9/11/2004-7/11/2014	1.57	4,250,000	-	-	-	4,250,000
Total all categories					13,950,000	-	-	-	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 were exercisable on the next business day on 9 November 2004 and up to 7 November 2014.
- (3) No option was granted, exercised, lapsed or cancelled during the six months ended 30 September 2009.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2009, 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%
HSBC Trustee (Cook Islands) Limited ("HTCIL")	(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 2009, 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 2009, a total of 13,500,000 shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HTCIL.



All the interests disclosed above represent long position in the shares in 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 2009.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in Appendix 14 “Code on Corporate Governance Practices” of the Listing Rules for the six months ended 30 September 2009.

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 2009. 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 2009, 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, 17 December 2009

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