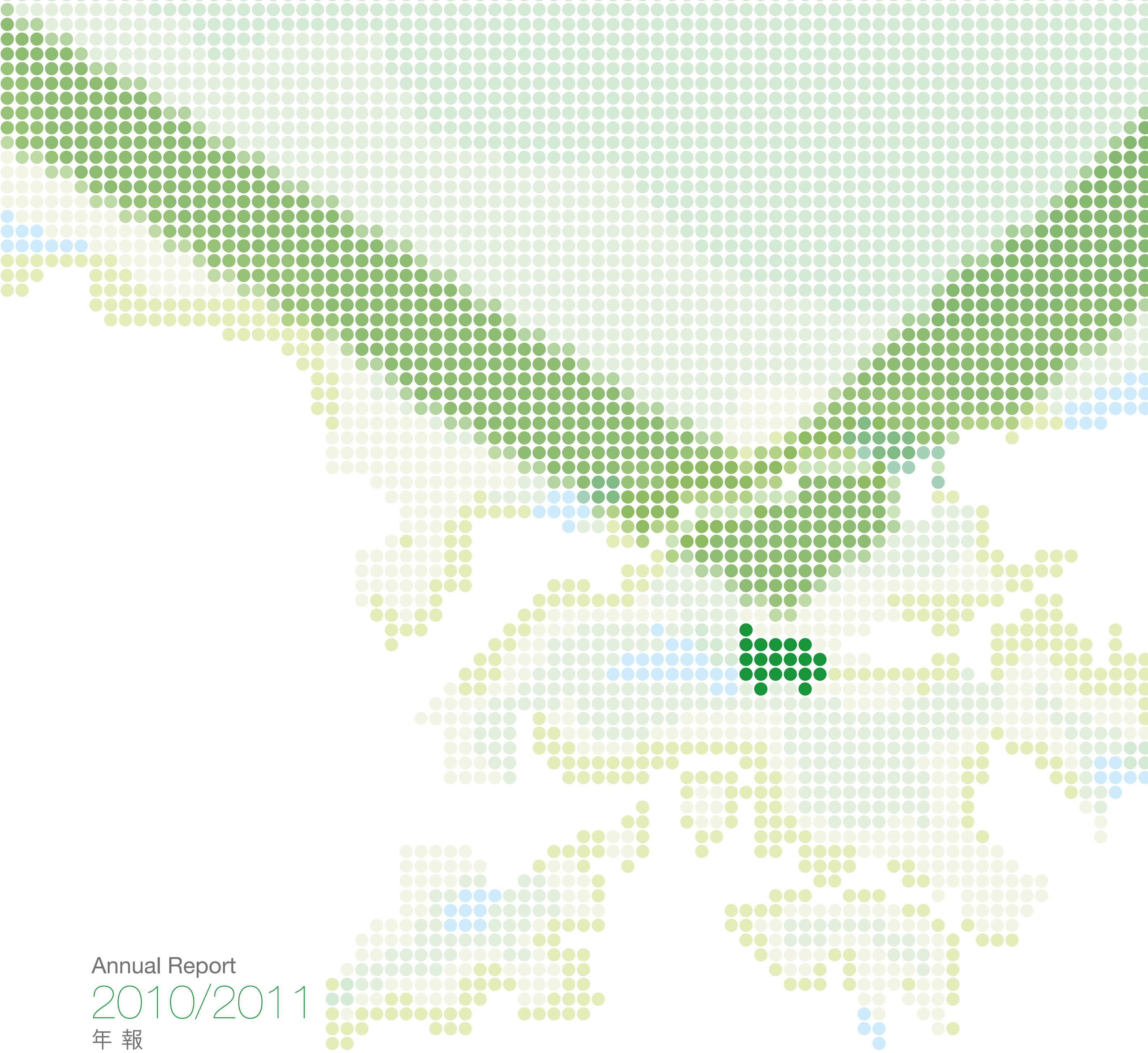
AMS 進智公交

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

(Stock Code 股份代號：77)

擴展業務
開拓新焦點



Annual Report
2010/2011
年報

Contents

Company Information

Board of Directors

Mr. Wong Man Kit *Chairman*
Ms. Ng Sui Chun
Mr. Wong Ling Sun, Vincent
Mr. Chan Man Chun *Chief Executive Officer*
Dr. Lee Peng Fei, Allen*
Dr. Chan Yuen Tak Fai, Dorothy*
Mr. Kwong Ki Chi*

* *Independent Non-Executive Directors*

Company Secretary

Ms. Wong Ka Yan

Authorised Representatives

Mr. Wong Man Kit
Mr. Chan Man Chun

Audit Committee

Dr. Lee Peng Fei, Allen
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi

Registered Office

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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong

11th-12th Floor, Abba Commercial Building,
223 Aberdeen Main Road, Aberdeen,
Hong Kong

Hong Kong share registrar and transfer office

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre,
Town Place, 33 Lockhart Road,
Wan Chai, Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

Legal Advisers

W. K. To & Co.

Auditors

Grant Thornton Jingdu Tianhua,
Certified Public Accountants

Corporate Profile

AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the operation of franchised public light bus ("PLB") transportation services in Hong Kong.

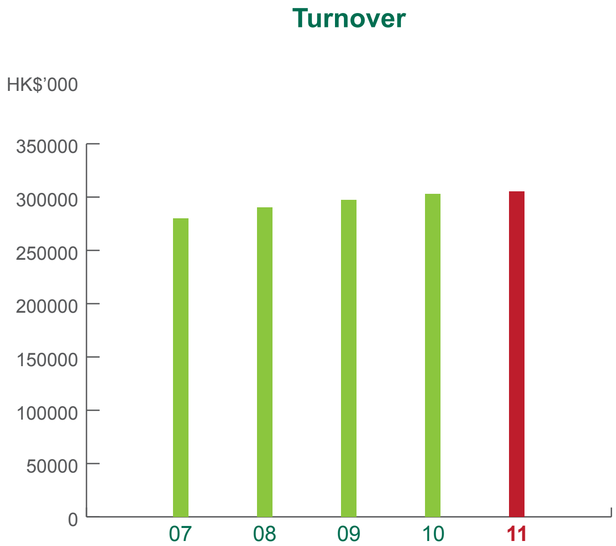
With over 30 years of experience in the local franchised PLB transportation sector, the Group is one of the leading franchised PLB operators in Hong Kong. Currently, the Group operates 54 Green Minibus ("GMB") routes with 342 GMBs. The Group's GMB fleet is well-equipped with state-of-the-art facilities, in particular, the long-wheeled GMBs that offer spacious seats to give enhanced sitting comfort for passengers.

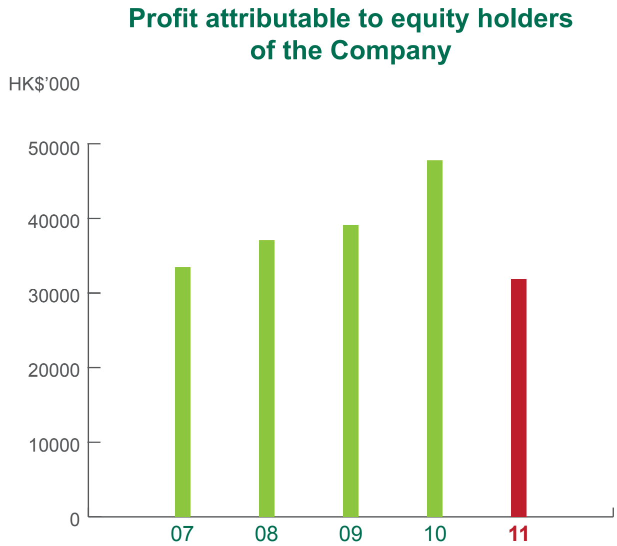
The Group is committed to passenger safety in all aspects of its operations. In 2011, the Group was awarded the ISO 9001:2008 quality management system certification for its computerised repair and maintenance centres, making it the only franchised PLB operator in Hong Kong to gain such a prestigious quality accreditation.

Devoted to serving a wider spectrum of the traveling public, the Group has continued to expand its service network with the latest acquisition of 4 GMB routes in April 2011. The Group is determined to increase its market share by actively exploring investment opportunities in the public transportation industry.

Financial and Operating Highlights

Financial Highlights	Unit	2011	2010	Change
Continuing operation:				
Turnover	HK$'000	**305,225**	302,754	+0.8%
Operating profit	HK$'000	**36,120**	47,717 (Note 1)	-24.3%
Finance costs	HK$'000	**618**	592	+4.4%
Profit for the year	HK$'000	**29,488**	39,442	-25.2%
Discontinued operation:				
Profit for the year	HK$'000	**2,854**	9,985	-71.4%
Profit attributable to equity holders of the Company	HK$'000	**31,836**	47,766	-33.4%
Basic earnings per share	HK cents	**13.99**	21.00	-33.4%
Proposed final dividend per ordinary share	HK cents	**12.0**	11.0	+9.1%
Total assets	HK$'000	**510,613**	455,901	+12.0%
Borrowings	HK$'000	**56,907**	115,434	-50.7%
Shareholders' equity	HK$'000	**303,003**	275,272	+10.1%
Net cash inflow from operating activities	HK$'000	**47,723**	57,956 (Note 1)	-17.7%





Financial and Operating Highlights

Financial ratios	2011	2010
Gross profit margin of continuing operation	19.7%	22.6%
Net profit margin of continuing operation (profit attributable to equity holders/turnover)	9.7%	13.0%
Interest cover of continuing operation (operating profit/finance costs)	58.4	80.6
Liquidity ratio (current assets/current liabilities)	2.42	0.51 (Note 1)
Gearing ratio (total liabilities/shareholders' equity)	61.8%	58.5%
Return on equity (profit attributable to equity holders/ shareholders' equity)	10.5%	17.4%

Operating highlights	Unit	2011	2010	Change
Continuing franchised PLB service:				
Number of GMBs in service		309	307	+0.7%
Number of GMB routes		50	50	–
Number of journeys travelled	million	3.9	4.0	-2.5%
– percentage of the journeys travelled surpassing the total number of scheduled journeys required by Transport Department		39.2%	40.0%	-0.8%
Number of passengers carried (Note 2)	million	55.7	55.4	+0.5%
Rate of accidents (Note 3)	per million kilometers	2.0	2.2	-9.1%
Total mileage operated	million kilometers	39.7	39.5	+0.5%
Average fleet age	years	7.7	6.9	+11.6%
Discontinued cross-boundary public bus service:				
Number of public buses in service		82	74	+10.8%
Number of cross-boundary routes (Note 4)		9	9	–
Number of cross-boundary journeys travelled (Note 4)	thousand	52.2	43.6	+19.7%
Number of cross-boundary passengers carried (Note 4)	thousand	1,162	1,073	+8.3%
Rate of accidents (Note 3)	per million kilometers	0.5	0.9	-44.4%
Average fleet age	years	5.2	5.2	–

Notes:

(1) The figures are restated.

(2) A new method of counting the number of passengers has been adopted. Therefore, the comparative figure has been adjusted accordingly.

(3) The figures refer to accidents involving injury or death.

(4) The figures do not include the Tsuen Wan Line (as defined below).

Chairman's Statement

I am pleased to present to you the annual results of the Group for the financial year ended 31 March 2011.

Results For The Year

For the year ended 31 March 2011, the Group's revenue from its continuing franchised PLB operation remained stable and recorded a 0.8% increase to HK$305,225,000, compared with HK$302,754,000 in 2010. However, since the global and local economic recovery from the downturn in early 2010, the Group has been again facing the increasing pressure from the hiking fuel prices and labour costs. Since part of the profit was eaten up by these escalating costs, the Group recorded a 25.2% drop in net profit of the franchised PLB operation to HK$29,488,000 (2010: HK$39,442,000). Together with the net profit (after non-controlling interests) from the discontinued cross-boundary public bus operation of HK$2,348,000 (2010: HK$8,324,000), the net profit attributable to the equity holder of the Company was HK$31,836,000 (2010: HK$47,766,000), representing a drop of 33.4% compared with last financial year.

Earnings and Dividends

Basic earnings per share (for both continuing and discontinued operations) for the year was HK13.99 cents per ordinary share (2010: HK21.00 cents per ordinary share). The board of directors (the "Board") recommended a final dividend of HK12.0 cents per ordinary share (2010: HK11.0 cents per ordinary share), totaling HK$27,300,000 (2010: HK$25,025,000) for the year ended 31 March 2011, which is equivalent to a payout ratio of about 85.8% (2010: 52.4%).

In view of the Group's operating cashflows, its future needs in capital expenditure and the expected sale proceeds from the disposal of the Group's cross-boundary public bus business, the Board is of the opinion that it is appropriate to increase the dividend payout ratio to 85.8%.

Bonus Issue of Shares

The Board proposes the issue of bonus shares on the basis of one new share for every ten existing ordinary shares ("Bonus Issue") held by shareholders whose names appear on the Company's register of members on 19 September 2011. The bonus shares will be issued and credited as fully paid upon issue and will rank pari passu in all respects with the existing ordinary shares with effect from the date of issue. The necessary resolution will be proposed at the forthcoming annual general meeting of the Company on 7 September 2011 ("AGM"). A circular containing further details of the Bonus Issue has been dispatched together with this annual report.

The Bonus Issue is conditional on the shareholders' approval at the AGM and the grant of listing approval by The Stock Exchange of Hong Kong Limited ("Stock Exchange"). If all conditions are satisfied, it is expected that the certificates for the bonus shares will be posted on 20 September 2011. The Board believes that the Bonus Issue will enhance the liquidity of the shares in the Company in the market, thereby enlarging the shareholder base.

Chairman's Statement

Review on the Franchised Public Light Bus Operation

As a transportation necessity to the general public, the demand for franchised PLB services remained stable during the year under review. The number of routes operated by the Group remained at 50 (2010: 50) as at 31 March 2011. The fleet size was enlarged to 309 GMBs (2010: 307 GMBs) as at 31 March 2011 in response to the natural growth in particular routes. The patronage of the franchised PLB operation slightly grew by 0.5% to 55.7 million (2010 restated: 55.4 million) whilst the total traveled mileage increased to around 39.7 million kilometers (2010: 39.5 million kilometers). As a result, the turnover of the franchised PLB operation grew by 0.8% or HK$2,471,000 to HK$305,225,000 (2010: HK$302,754,000). The Group has not raised any minibus fares since November 2008. Although a number of fare increment applications have been made to the Transport Department since last year, they are still being considered by the Transport Department and none of them has been approved yet.

Total direct costs for the year increased by HK$10,733,000 or 4.6% to HK$244,998,000 (2010: HK$234,265,000) as compared with last year, which was mainly attributable to the increase in fuel costs of HK$7,738,000 or 15.6% to HK$57,414,000 (2010: HK$49,676,000) as a result of the significant upsurge of international fuel oil prices, and the increase in direct labour costs by HK$2,324,000 or 2.7% to HK$87,348,000 (2010: HK$85,024,000) owing to the adjustment in captains' safety bonus. These factors resulted in a 25.2% drop in net profit of the franchised PLB operation to HK$29,488,000 (2010: HK$39,442,000).

The Disposal of the Cross-boundary Public Bus Operation

On 27 April 2011, the Company entered into a sale and purchase agreement ("Agreement") with Trans-Island Limousine Service Limited ("TILS"), a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited, whereby TILS agreed to acquire and the Company agreed to sell its 100% shareholding interest in Elegant Sun Group Limited ("Elegant Sun"), a wholly-owned subsidiary of the Company, at a consideration of HK$300,000,000 (subject to adjustment) upon and subject to the terms and conditions of the Agreement ("Disposal"). Elegant Sun holds an 80% shareholding interest in Chinalink Express Holdings Limited and Chinalink Transport Group Limited (together with their subsidiaries, collectively "Chinalink Group"). After the completion of the Disposal, Elegant Sun will become wholly-owned by TILS and will cease to be a subsidiary of the Company thenceforth.

We believe that the Disposal represented an attractive opportunity for the Group to realise a material capital gain. Financially, the net profits of Chinalink Group have dropped in recent years due to inflationary surge in operating costs (including without limitation fuel price, labour costs, rentals and cost of repairs) coupled with decrease in the revenue of the Tsuen Wan-Huanggang (of Shenzhen) 24-hour cross-boundary shuttle services ("Tsuen Wan Line") since the opening of the MTR's Lok Ma Chau spur line in August 2007. The business outlook of Chinalink Group is further overshadowed by the rapid growth of the competing MTR Lok Ma Chau spur line and the simultaneous expansion of Shenzhen Metro network, as well as fierce fare competition in the industry. In addition, due to the surge in the market price of public bus licences in recent years, the costs of leasing and/or purchasing cross-boundary coaches have increased significantly. The higher deployment costs not only limit Chinalink Group's expansion of fleet size and extension of routes, but also present considerable difficulty to it in competing successfully in the fiercely competitive industry.

Chairman's Statement

In view of the poor business outlook of Chinalink Group, strategy-wise, the management considers this a timely opportunity for the Group to capitalise Chinalink Group at a reasonable price to avoid any adversity that may result in any potential losses to the Group.

It is estimated that the Disposal will contribute a book gain of approximately HK$133,745,000 to the Group. Considering the potential benefits the Disposal are likely to yield to the Group, the Board believes that it is in the best interests of the Company and its shareholders as a whole.

Prospects

As the franchised PLB service is a kind of transportation necessity to the general public in Hong Kong, the Group remains confident in the passenger demand for its existing routes in the coming year. However, challenges and opportunities will emerge with the expansion of the railway network in Hong Kong. The MTR West Island Line and South Island Line are expected to be completed in 2014 and 2015 respectively. Though some of the Group's minibus service routes will inevitably compete against the railway, some of them will benefit from the provision of strengthened feeder services to and from MTR stations and the ease of traffic congestions in the Aberdeen Tunnel. We will respond to the challenge by improving the Group's cost efficiency, including proposing additional rationalization plans for less popular routes while strengthening the service for routes with growing demand and acquiring routes with synergy effect. The acquisition of Hong Kong Maxicab Limited ("HKM"), which operates four GMB routes with 33 PLBs running between Central/Causeway Bay and the Southern District, completed on 1 April 2011 will lead to further expansion of the Group's local GMB network, in the Southern District in particular, thereby maximizing the synergy effect to the operation, and strengthening the Group's share in the market as a whole.

The pressure from climbing operational costs, especially brought by the rising fuel costs and staff costs, will pose another challenge to the Group in the coming year. We will, on one hand, continue to enhance fleet efficiency and implement cost saving plans, and on the other hand, continue to apply to the Transport Department for fare increment. Furthermore, we strongly support the proposal of increasing the number of seats on minibuses from 16 to 20 as advocated by the GMB Maxicab Operators General Association and the Hong Kong Scheduled (GMB) Licensee Association. With the operators' commitments to freezing fares for three years, offering concessionary fares to the elderly and deploying environmentally-friendly vehicles, we believe that increasing the number of seats on minibuses to 20 is in any way a win-win solution for both the operators and the general public as the former could increase revenue without transferring the costs to the public and affecting road conditions while the latter could ease their burden of transportation expenses under inflation. We hope that the Transport Department could consider the proposal and give positive feedback to the industry.

Appreciation

On behalf of the Board, I would like to take this opportunity to extend my heartfelt gratitude to our passengers, business partners, associates as well as our shareholders for their continuous support and confidence in the Group. Of course, our sincere appreciation must also be extended to our employees for their invaluable dedication to the Group in the past year.

Wong Man Kit
Chairman
Hong Kong, 29 June 2011

Management Discussion and Analysis

Review of Operation

Franchised Public Light Bus Operation

The number of passengers carried in the local GMB sector grew by 2.9% during the year ended 31 March 2011. As a transportation necessity to the general public, the demand for franchised PLB services was stable over the years, no matter it was economic upturn or downturn. The number of routes operated by the Group remained at 50 (2010: 50) as at 31 March 2011. The fleet size was enlarged to 309 GMBs (2010: 307 GMBs) as at 31 March 2011 in response to the natural growth in particular routes. The patronage of the franchised PLB operation slightly grew by 0.5% to 55.7 million (2010 restated: 55.4 million) whilst the total traveled mileage increased to around 39.7 million kilometers (2010: 39.5 million kilometers). As a result, the turnover of the franchised PLB operation grew by 0.8% or HK$2,471,000 to HK$305,225,000 (2010: HK$302,754,000). The Group has not raised any minibus fares since November 2008. Although a number of fare increment applications have been made to the Transport Department since last year, they are still being considered by the Transport Department and none of them has been approved yet.

On 1 April 2011, the Group completed the acquisition of a 100% shareholding in HKM. Since then, the fleet size of the Group has expanded to 342 GMBs. HKM operates four GMB routes running between Central/Causeway Bay and the Southern District. As the dominant GMB operator in the Southern District of Hong Kong, the acquisition of HKM will enable the Group to further expand its local franchised minibus network, thereby maximizing the synergy effect to the operation. We believe that the extensive network will help the Group leverage its strengths to provide more feeder services and point-to-point services that supplement the railway services, thereby growing in line with the development of the transportation network in Hong Kong.

The Group has put great efforts to enhance the service quality and efficiency in the franchised PLB operation. As a leading GMB route operator, the Group is committed to rendering safe and comfortable transport services to our passengers. As at 31 March 2011, 201 long-wheeled minibuses were in service, offering extra space to passengers. These long-wheeled minibuses were equipped with state-of-the-art facilities, such as LED destination displays, speed display units, high-back seats, stop signal bells, luggage racks and skidproof floors.

The average fleet age increased to 7.7 years as at 31 March 2011 (2010: 6.9 years). The replacement plan of aged minibuses has been suspended because the management is of the opinion that there is no fit model of minibuses on the market at the moment. We will further discuss this issue in the section “**Sustainability**”.

Safety Awareness

Safety of the passengers is the primary concern of the Group. As a responsible public transport service provider, the management believes that safety is the cornerstone to business success. In addition to its commitment to upgrading vehicle quality, the Group has implemented comprehensive maintenance programmes to ensure proper checking and maintenance of the vehicles. In order to ensure the quality and effectiveness of the repairing process, the Group has put great efforts into the computerisation of the repairing management system in recent years. During the year under review, the Group was rewarded the ISO 9001:2008 quality management system certification for its dedication to enhance its repairing and maintenance centres, making the Group the only franchised PLB operator in Hong Kong having such a prestigious accreditation.

The Group organized numerous courses and seminars on customer service and road safety throughout the year, which helped to raise safety awareness and enhance work practices of our staff. Some of these courses and seminars were delivered by guest speakers from the Traffic Division of the Hong Kong Police Force. To enforce safety guidelines and cultivate a professional and responsible driving attitude among captains, the Group has conducted spot checks, implemented a safety bonus scheme and arranged inspection personnel disguised as passengers to make timely reports for any misbehaviour of the captains. These programmes were designed to minimise the occurrence of accident as we are committed to maintaining a low level of accident rates. For the financial year ended 31 March 2011, the accident rates were 2.0 per million kilometers (2010: 2.2 per million kilometers) for the franchised PLB operation and 0.5 per million kilometers (2010: 0.9 per million kilometers) for the discontinued cross-boundary public bus operation.

Corporate Social Responsibility

The Group places great value on corporate citizenship and social responsibility. Over the years, the Group has sponsored various activities organised by different district groups and charities. In addition to financial assistance, the Group and its staff members have participated in various community services and environmental protection projects. During the year, the Group was nominated by Aberdeen Kai-fong Welfare Association Social Service Centre, Suicide Prevention Services, The Hong Kong Federation of Youth Groups and Fu Hong Society and awarded as a “Caring Company” again by The Hong Kong Council of Social Service in recognition of its contributions to community involvement programmes.

The Group also continued its support to the community through expanding the coverage of our GMB-GMB Interchange (GGI) schemes, and offering fare concessions to passengers travelling on long journeys and the elderly aged over 65 on specific routes. Our operation team maintained close communication with district and resident representatives and responded proactively to passenger needs.

Sustainability

The Group is dedicated to environmental protection and the sustainable development for the betterment of our next generation. To improve air quality, the whole fleet of vehicles adopts Euro V diesel or liquefied petroleum gas (“LPG”) and the captains are also required to switch off engines whenever the minibuses or public buses (except when boarding) are queuing in the depots. Furthermore, for environmental protection and fuel saving benefit, new PLBs will be installed with heat isolation boards on the roofs for reduction of energy used for air conditioning.

New Euro IV engine minibuses have been introduced to our minibus fleet since July 2007. Euro IV engine and LPG minibuses emit less hydrocarbons and nitrogen oxides, and LPG minibuses can reduce black smoke and carbon emissions. Equipped with the most advanced technology in environmental protection, the Euro IV model and the latest Euro V engines meet the latest and most stringent emission standards in the world.

However, a special feature of the Euro IV and Euro V engines has caused the Group to halt further upgrade of its old minibuses to the Euro IV/Euro V engine model. The Euro IV and Euro V engine minibuses contain an enhanced cleansing function to remove diesel particles accumulated in the vehicles. This cleansing procedure has to be carried out if the diesel particles have accumulated to a designated level, otherwise the minibus will fail to function properly. However, such cleansing procedure requires the minibus to be motionless for at least 20 minutes or sometimes even up to 1 hour. This unpredictable and time consuming cleansing procedure lowers the Group’s operational efficiency. Furthermore, some technical problems of the Euro IV and Euro V engine minibuses also caused frequent breakdowns. All these problems forced the Group to stop replacing aged minibuses with Euro IV/Euro V engine minibuses starting from last financial year. The Group has no other option but to wait for the introduction of new model minibuses or the provision of technical solutions to the above problems by the vehicle manufacturers.

Despite the above problems found in Euro IV and Euro V engine minibuses, the Group is still keen to look for reliable environmentally-friendly vehicles. The Group is cooperating with the Hong Kong Productivity Council in a study to develop a plug-in hybrid vehicle which can significantly reduce the emission of carbon dioxide and will be suitable to be driven through crowded streets in Hong Kong. The study is funded by the Innovation and Technology Fund of the Hong Kong government and the Group offers minibuses to the Council for real-life testing. It is expected that the study will be completed in 2 years.

Financial Review

Consolidated results for the year

During the year under review, profit for the year from continuing franchised PLB operation dropped by 25.2% to HK$29,488,000 (2010: HK$39,442,000) and profit for the year (after non-controlling interests) from discontinued cross-boundary public bus operation dropped by 71.8% to HK$2,348,000 (2010: HK$8,324,000). The overall profit attributable to equity holders of the Company was HK$31,836,000 (2010: HK$47,766,000). Basic earnings per share was HK13.99 cents as compared with HK21.00 cents last year.

	2011 **HK$'000**	2010 HK$'000
CONTINUING OPERATION:		
Turnover	**305,225**	302,754
Operating profit	**36,120**	47,717
Finance costs	**(618)**	(592)
Profit before income tax	**35,502**	47,125
Income tax expense	**(6,014)**	(7,683)
Profit for the year from continuing operation	**29,488**	39,442
DISCONTINUED OPERATION:		
Profit for the year from discontinued operation	**2,854**	9,985
Less: Non-controlling interests	**(506)**	(1,661)
	2,348	8,324
Profit for the year attributable to equity holders of the Company	**31,836**	47,766

Continuing operation – franchised PLB operation

During the financial year under review, the turnover of the franchised PLB operation grew by 0.8% or HK$2,471,000 to HK$305,225,000 (2010: HK$302,754,000). The growth in turnover was mainly attributable to the increase in the number of passengers carried by 0.5% to 55.7 million. The Group had not increased any minibus fares since late 2008.

However, operating profit fell by HK$11,597,000 or 24.3% to HK$36,120,000 this year (2010: HK$47,717,000), which was mainly attributable to the surge of fuel costs by HK$7,738,000 or 15.6% to HK$57,414,000 (2010: HK$49,676,000) and the increase in drivers' wages by HK$2,324,000 to HK$87,348,000 (2010: HK$85,024,000) during the year. The average diesel unit price rose by 13% and the average LPG unit price even soared by 25%. Apart from fuel costs and drivers' wages, other escalating operating expenses such as administrative staff costs and repair and maintenance expenses also accounted for the reduced operating profit margin.

Management Discussion and Analysis

Finance costs for the continuing operation were HK$618,000 (2010: HK$592,000), which maintained at a similar level as in 2010 in a sustained low interest rate environment.

Income tax expenses for the continuing operation dropped to HK$6,014,000 (2010: HK$7,683,000). The effective tax rate for the year was 16.9% (2010: 16.3%).

Discontinued operation – cross-boundary public bus operation

	2011	2010
	HK$'000	HK$'000
DISCONTINUED OPERATION:		
Turnover	**149,932**	136,458
Operating profit	**6,360**	14,535
Finance costs	**(2,252)**	(1,824)
Share of results of a jointly controlled entity	**1**	1
Profit before income tax	**4,109**	12,712
Income tax expense	**(1,255)**	(2,727)
Profit for the year from discontinued operation	**2,854**	9,985
Less: Non-controlling interests	**(506)**	(1,661)
Profit for the year attributable to equity holders of the Company	**2,348**	8,324

Unlike the stable franchised PLB business, competition in the cross-boundary public bus industry is very intense. The patronage of the Tsuen Wan Line continued to fall owing to the direct competition with the MTR Lok Ma Chau spur line. For the long haul routes and the shuttle routes running between the Shenzhen International Airport, Baoan district of Shenzhen and Hong Kong via the Shenzhen Bay control point ("Shenzhen Shuttle Routes"), the Chinalink Group expanded its capacity by enlarging the fleet size (excluding the public buses deployed for the Tsuen Wan Line) by 12.3% to 73 public buses (2010: 65 public buses) and increasing the number of trips (excluding the trips ran by the Tsuen Wan Line) by 19.7% to 52,222 (2010: 43,627) during the year under review, in order to provide fast, convenient and comfortable services to compete with fellow operators.

Despite the increase in the number of journeys, which boosted the total revenue of the cross-boundary public bus operation by HK$13,474,000 or 9.9% to HK$149,932,000 (2010: HK$136,458,000), the total operating profit fell by HK$8,175,000 or 56.2% to HK$6,360,000 (2010: HK$14,535,000). One of the main reasons for the drop in operating profit margin was that the income from the increased ridership was not enough to cover the surging operating costs resulting from the increase of frequency for the long haul routes and Shenzhen Shuttle Routes. The decline in patronage of the Tsuen Wan Line and the increase in average fuel unit price (applicable to the cross-boundary public bus operation) by 10.0% compared with last year also accounted for the narrowed operating profit margin.

Finance costs of the discontinued operation went up by HK$428,000 or 23.5% to HK$2,252,000 (2010: HK$1,824,000) owing to the increase in average interest rate from 2.10% to 2.49% compared with last year.

Cash flow

	2011 HK$'000	2010 HK$'000 (Restated)
Net cash from operating activities	**47,723**	57,956
Net cash used in investing activities	**(52,432)**	(37,542)
Net cash used in financing activities	**(4,111)**	(20,043)
Net (decrease)/increase in cash and cash equivalents	**(8,820)**	371

A net outflow of HK$8,820,000 was recorded during the year compared with a net inflow of HK$371,000 in 2010. The net cash from operating activities was HK$47,723,000, representing a drop of HK$10,233,000 or 17.7%, resulted from the reduction in operating profits caused by the surging fuel price and other operating costs. The net cash outflow in investing activities of HK$52,432,000 mainly represented the cash payment for the purchase of public buses and their licences amounting to HK$19,026,000 during the year and a deposit amounting to HK$32,000,000 paid for acquiring HKM.

The net cash used in financing activities dropped by HK$15,932,000 because new bank borrowings drawn down during the year increased by HK$26,409,000 compared with last year.

Capital Structure, Liquidity and Financial Resources

Liquidity and financial resources

The Group's operations were mainly financed by proceeds from its operations.

The current ratio (current assets/current liabilities) surged to 2.42 at year end (2010 restated: 0.51) mainly due to reclassification of the non-current assets of the discontinued operation amounting to HK$232,465,000 into current assets. The gearing ratio (total liabilities/shareholders' equity) slightly increased to 61.8% (2010: 58.5%), which was mainly attributable to the increased level of borrowings at year end.

As at 31 March 2011, the Group had bank facilities totaling HK$192,996,000 (2010: HK$146,101,000), of which HK$139,017,000 (2010: HK$113,301,000) were utilised.

Borrowings

As at 31 March 2011, the total borrowings balance was HK$56,907,000 (2010: HK$115,434,000). The significant drop in the borrowings balance was mainly attributable to the reclassification of the borrowings of the discontinued operation amounting to HK$82,280,000 to liabilities directly associated with assets held for sale as at 31 March 2011.

Bank balances and cash

As at 31 March 2011, the Group had bank balances and cash amounted to HK$20,699,000 (2010: HK$38,252,000). 82.7% (2010: 91.4%) of the bank balances and cash as at 31 March 2011 was denominated in Hong Kong dollars and the remaining bank balances and cash were denominated in Renminbi.

Credit risk management

The income of the franchised PLB operation of the Group is either received in cash or collected by Octopus Cards Limited and remitted to the Group on the next business day. Thus, the operation does not have any significant credit risk.

For the cross-boundary public bus operation, the income is mainly collected on a credit basis. The Group normally grants credit periods ranging from 0 to 30 days to customers and the debt collection progress is monitored on an ongoing basis. Since the Group has implemented a stringent credit control policy and the customer base is rather diverse, there is no significant concentration of credit risk.

Foreign currency risk management

The Group is exposed to foreign exchange risk arising mainly from conversion of Renminbi. Nevertheless, it is not significant since the majority of the Group's income and expenditures are denominated in Hong Kong dollars.

Although conversion of Renminbi into foreign currencies is subject to the foreign exchange rules and regulations of the People's Republic of China, the management considers that the Group's overall exposure to foreign exchange risk is minimal. Nevertheless, the Group collected part of the cross-boundary public bus income in Renminbi to cover the operating expenses in Renminbi so as to minimise the foreign exchange risk through natural hedging.

Interest rate risk management

As for financing activities, all borrowings for the financial year ended 31 March 2011 were denominated in Hong Kong dollars and the majority of them were on a floating interest rate basis. The practice effectively eliminated the currency risk and the management is of the view that the Group is not subject to significant interest rate risk.

Pledge of assets

The pledged assets are as follows:

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000 (Restated)
PLB licences	**104,300**	52,000
Property, plant and equipment	**4,591**	32,807
Trade and other receivables	**–**	14,227
Bank balances and cash	**–**	7,110
Other assets	**–**	2,515
Assets held for sale	**65,677**	–

Capital expenditure and commitment

During the year, the total capital expenditure was HK$24,883,000 (2010: HK$25,980,000), mainly for the purchase of 11 public buses (2010: 15 public buses) at the sum of HK$14,876,000 (2010: HK$24,653,000) and 6 limousines at the sum of HK$3,193,000 (2010: Nil) . As at 31 March 2011, the capital commitment contracted and not provided for was HK$9,384,000 (2010: HK$28,944,000), which was mainly for the purchase of 3 public buses and 1 motor vehicle.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses of the franchised PLB operation incurred for the year were HK$118,204,000 (2010: HK$113,903,000), representing 42.0% (2010: 42.1%) of the total costs. Apart from the basic remuneration, double pay and/or a discretionary bonus were granted to eligible employees in accordance with the Group's performance and individual's contribution. Other benefits included share option scheme, retirement plan and training schemes were also provided to the staff members.

The headcounts of the Group are as follows:

	As at 31 March 2011			As at 31 March 2010		
	Continuing operation	**Discontinued operation**	**Total**	Continuing operation	Discontinued operation	Total
Captains	**920**	**118**	**1,038**	928	108	1,036
Administrative staff	**85**	**199**	**284**	86	192	278
Technicians	**42**	**17**	**59**	40	20	60
Total	**1,047**	**334**	**1,381**	1,054	320	1,374

Acquisition of HKM

On 18 February 2011, the Group entered into a sale and purchase agreement with Mr. Ma Kiu Sang, Mr. Ma Kiu Mo and Mr. Ma Kiu Man, Vince to acquire a 100% equity interest and the shareholders' loan in HKM at a consideration of HK$32,000,000. The acquisition was completed on 1 April 2011. The principal business of HKM is the provision of franchised PLB service in Central/Causeway Bay and the Southern District.

Very substantial disposal after the balance sheet date

On 27 April 2011, the Company entered into the Agreement with TILS, whereby TILS agreed to acquire and the Company agreed to sell its 100% shareholding interest in Elegant Sun at a consideration of HK$300,000,000 (subject to adjustment) upon and subject to the terms and conditions of the Agreement. After completion of the Disposal, Elegant Sun will become wholly-owned by TILS and will cease to be a subsidiary of the Company thenceforth. Elegant Sun holds an 80% shareholding interest in the Chinalink Group. The Disposal is expected to be completed on or before 31 July 2011. The Company will discontinue all its operations in the cross-boundary public bus industry after the completion of the Disposal.

After the completion of the Disposal, the Company will receive an immediate cash of HK$300,000,000 (subject to adjustment). Having regard to the audited consolidated net asset value of Elegant Sun as at 31 March 2011 and the consideration for the Disposal, it is estimated that the Disposal will yield to the Group a book gain of approximately HK$133,745,000. The said estimation has been calculated with reference to the following items: (a) the net proceeds from the consideration being approximately HK$299,300,000 (net of transaction costs of the Disposal); (b) the unaudited consolidated net asset value of Elegant Sun of approximately HK$39,986,000 as at 31 March 2011, on the assumption that a financial liability amounting to HK$2,190,000 in the books of Elegant Sun had been reversed as at 31 March 2011 as a result of Mr. Chan Chung Yee, Alan's waiver of his right in exercising an option; (c) the Company's waiver of the balance of the shareholder's loan due to the Company by Elegant Sun amounting to approximately HK$89,888,000 as at 31 March 2011; (d) the repayment of a bank borrowing of Elegant Sun amounting to HK$36,400,000; and (e) reclassification adjustment of cumulative exchange gain on translation of financial statements of foreign operations of the disposal group of HK$719,000 as at 31 March 2011 to the income statement. However, it should be noted that the actual gain or loss to be derived from the Disposal will ultimately depend on the consolidated net asset value of Elegant Sun as at the date of completion and the adjustment to the consideration (if any).

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance and devoting considerable effort to identify and formalise best practices of corporate governance. The Company has complied with all the code provisions set out in Appendix 14 "Code on Corporate Governance Practices" (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 March 2011. The Company has also set up corporate governance practices to meet some of the recommended best practices in the Code. This report describes how the Company has applied the principles of the Code.

The Board of Directors

The Board is chaired by Mr. Wong Man Kit (the "Chairman"). The Board comprises 3 Independent Non-Executive Directors and 4 Executive Directors. All Independent Non-Executive Directors bring a variety of experience and expertise to the Group.

The Board has appointed 4 Board Committees, namely Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee, to oversee different areas of the Group's affairs. The composition of the Board and the Board Committees are set out below and their respective responsibilities are discussed in this report. The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, material or connected transactions, director appointments or re-appointments, and dividends and accounting policies. The Board has delegated the authority of and responsibility for implementing the Group's business strategies and managing the daily operations of the Group's businesses to the Executive Committee. The Executive Committee comprises the 4 Executive Directors and is fully accountable to the Board. The Company maintains appropriate directors' and officers' liabilities insurance.

The directors of the Company (the "Directors") are responsible for preparing the financial statements of the Company and of the Group. The financial statements are prepared on a going concern basis and give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended. In preparing the financial statements for the year ended 31 March 2011, the members of the Board have made reasonable judgments and estimates, adopted appropriate accounting policies and, apart from those new or revised accounting policies as disclosed in the notes to the financial statements for the year ended 31 March 2011, applied the policies consistently with the previous financial year.

Regular Board meetings are scheduled in advance to facilitate fullest possible attendance. The company secretary of the Company assists the Chairman in setting agenda of Board meetings. Notices of Board meetings, including proposed agenda, are sent to the Directors at least 14 days before the meeting date and each Director is invited to present any businesses that he wishes to discuss or propose at such meetings. Finalised agenda and Board papers are normally circulated to all Directors 7 days before the Board meetings to ensure timely access to relevant information. The Board agrees to seek independent professional advice at the expense of the Company, upon reasonable request and the approval of all Independent Non-Executive Directors. Draft and final versions of Board minutes are circulated to all Directors for comments and records. The Company held 4 regular full Board meetings in the financial year 2010/11.

Attendance of the regular full Board meetings are as follows:

Executive Directors: Mr. Wong Man Kit, Chairman (4/4), Ms. Ng Sui Chun (4/4), Mr. Chan Man Chun, Chief Executive Officer (the "CEO") (4/4) and Mr. Wong Ling Sun, Vincent (4/4); Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (3/4), Dr. Chan Yuen Tak Fai, Dorothy (4/4) and Mr. Lam Wai Keung (4/4) (retired on 14 March 2011). Mr. Kwong Ki Chi did not attend the meetings because he had not yet been appointed as member of the Board by the dates of the meetings.

Corporate Governance Report

The Board members have no financial, business, family or other material/relevant relationships with each other save that Ms. Ng Sui Chun is the spouse of the Chairman, and Mr. Wong Ling Sun, Vincent is the son of the Chairman and Ms. Ng Sui Chun. When the Board considers any proposal or transaction in which a Director has an interest, such Director declares his/her interest and is required to abstain from voting. Each of the Independent Non-Executive Directors has confirmed in writing his/her independence from the Company in accordance with the guidelines on director independence in the Listing Rules. On this basis, the Company considers all Independent Non-Executive Directors to be independent.

All Directors disclosed to the Board on their first appointment their interests as director or otherwise in other companies or organisations and such declarations of interests are updated semi-annually. Biographical details of the Directors as at the date of this report are set out on pages 21 to 22 of this report.

Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders.

The Board reviews its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Group.

Appointment and Re-election of Directors

The Nomination Committee regularly reviews the structure, size and composition of the Board to ensure its expertise and independence are maintained. A person may be appointed as member of the Board at any time either by the shareholders in general meeting or by the Board upon recommendation by the Nomination Committee.

Directors who are appointed by the Board must retire at the first annual general meeting after their appointment. A Director who retires in this way is eligible for election at that annual general meeting, but is not taken into account when deciding which and how many Directors should retire by rotation. In either case, the Directors so elected and appointed are eligible for re-election and reappointment.

At each annual general meeting of the Company, one-third of the Directors (or, if the number of Directors is not divisible by 3, such number as is nearest to and less than one-third) must retire as Directors by rotation. Currently, all Independent Non-Executive Directors are appointed on a term of not more than 3 years.

During the financial year 2010/11, Mr. Kwong Ki Chi was appointed as Independent Non-Executive Director on 14 March 2011 to succeed Mr. Lam Wai Keung, who retired as Independent Non-Executive Director upon the completion of his service contract with the Company on 14 March 2011.

The appointment of Mr. Kwong Ki Chi had been considered and recommended by the Nomination Committee to the Board on 11 March 2011.

Chairman and Chief Executive Officer

To ensure a balance of power and authority, the role of the Chairman is separated from that of the CEO. The current CEO is Mr. Chan Man Chun. Mr. Chan is also an Executive Director.

The posts of Chairman and CEO are distinct and separate. The Chairman is responsible for chairing and managing the operations of the Board, as well as monitoring the performance of the CEO and other Executive Directors. Apart from ensuring that adequate information about the Group's business is provided to the Board on a timely basis, the Chairman also ensures that the Independent Non-Executive Directors make effective contribution at Board meetings. The CEO is responsible to the Board for managing the businesses of the Group.

Executive Committee

The Executive Committee is chaired by the CEO and comprises the other 3 Executive Directors. It meets monthly and is responsible to the Board for overseeing and setting the strategic direction of the Company.

Remuneration Committee

The Remuneration Committee is chaired by an Independent Non-Executive Director, Dr. Lee Peng Fei, Allen, and comprises the other 2 Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi (appointed on 14 March 2011).

The principal responsibilities of the Remuneration Committee include formulating remuneration policy and practices that facilitate the employment of top quality personnel, recommending to the Board on the policy and structure for all remuneration of Directors and senior management and reviewing and approving performance-based remuneration by reference to the corporate goals and objectives. No Director or any of his associates is involved in deciding his own remuneration. The remuneration package of Director includes salary, bonus, pensions, medical and life insurance benefits. The remuneration level is determined with reference to the expertise and experience possessed by each Director and his performance. Bonus is given on a discretionary basis except for the bonus payable to the CEO with reference to the Group's performance pursuant to the service agreements entered between him and the Company. Please refer to note 16 to the financial statements for the emoluments of each Director.

In the financial year 2010/11, the Remuneration Committee held one meeting. In accordance with its terms of reference, the Remuneration Committee performed the following work during the year:

- reviewed the Company's policy and structure for all remuneration of Directors and senior management and made recommendation;
- reviewed and approved the remuneration packages of Directors and senior management;
- reviewed and approved performance-based remuneration with reference to the corporate goals and objectives resolved by the Board; and
- reviewed the transactions between the Company and the Directors and interest associated with the Directors, to ensure that the structure and the terms of the transactions comply with the relevant laws and are appropriately disclosed.

The attendance of the meeting was as follows: Dr. Lee Peng Fei, Allen (1/1), Dr. Chan Yuen Tak Fai, Dorothy (1/1) and Mr. Lam Wai Keung (retired on 14 March 2011) (1/1). Mr. Kwong Ki Chi did not attend the meeting because he had not yet been appointed as member of the Remuneration Committee by the date of the meeting.

Audit Committee

The Audit Committee is responsible to the Board and consists of the 3 Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi (appointed on 14 March 2011). The Audit Committee is chaired by Mr. Kwong Ki Chi.

The Audit Committee reviews the completeness, accuracy and fairness of the Company's reports and financial statements and provides assurance to the Board that they comply with the adopted accounting standards and the Stock Exchange's and legal requirements. The Audit Committee also annually reviews the adequacy and effectiveness of the internal control and risk management systems. It reviews the work done by the internal and external auditors, the relevant fees and terms, the results of audits performed by the external auditors and the appropriate actions required on significant control weaknesses. It also considers the adequacy of resources, the qualifications and experience of staff in respect of the Group's accounting and financial reporting function, and their training programmes and budget. The Executive Directors and the external and internal auditors may also attend the Audit Committee meetings.

The Audit Committee held 4 meetings during the year, the attendance of which was as follows:

Mr. Lam Wai Keung (retired on 14 March 2011) (4/4), Dr. Lee Peng Fei, Allen (3/4) and Dr. Chan Yuen Tak Fai, Dorothy (4/4). Mr. Kwong Ki Chi did not attend the meetings because he had not yet been appointed as the chairman of the Audit Committee by the dates of the meetings.

Nomination Committee

The Nomination Committee is chaired by an Independent Non-Executive Director, Dr. Chan Yuen Tak Fai, Dorothy, and comprises the other 2 Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen and Mr. Kwong Ki Chi (appointed on 14 March 2011). The Nomination Committee nominates and recommends to the Board candidates for filling vacancies in the Board. It also identifies and nominates qualified individuals, who are expected to have such expertise to make positive contribution to the performance of the Board, to be additional Directors or fill Board vacancies as and when they arise.

The Nomination Committee held a meeting during the financial year to review the structure, size and composition of the Board and consider the appointment of an Independent Non-Executive Director. The attendance of which was as follows: Dr. Chan Yuen Tak Fai, Dorothy (1/1), Dr. Lee Peng Fei, Allen (1/1) and Mr. Lam Wai Keung (retired on 14 March 2011) (1/1). Mr. Kwong Ki Chi did not attend the meeting because he had not yet been appointed as member of the Nomination Committee by the date of the meeting.

External Auditors

The external auditors are primarily responsible for the auditing and reporting of the annual financial statements. For the financial year ended 31 March 2011, the total remuneration paid or payable to the external auditors was HK$958,000, being HK$674,000 for audit and HK$284,000 for tax related services.

Internal Control and Internal Audit

The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposal, ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and manage rather than eliminate risks of failure in the Group's operation systems and in the achievement of the Group's business objectives. The Group does not have internal audit department. The internal audit function has been outsourced to professionals in accountancy and/or internal controls (the "Internal Auditors"), as selected by the Audit Committee. The Internal Auditors are independent of the Group and conduct special audits on areas of concern identified by the Audit Committee annually. The Internal Auditors report to the Audit Committee directly and the members of the Audit Committee have free and direct access to the head of the Internal Auditor without reference to the Chairman or management. The Board has overall responsibilities to maintain a sound and effective internal control system of the Group. For the year under review, the Board considers that the Group's material internal controls are adequate and effective and the Group has complied with the code provisions on internal control of the Code.

Securities Transactions

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees (as defined in the Code) (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. A copy of the Securities Code has been sent to each Director. Also, formal written notices are sent to the Directors as a reminder that the Directors must not deal in the securities and derivatives of the Company during the period of 30 days and 60 days immediately preceding the date of publication of the Company's half-yearly results and annual results respectively and until after such results have been published.

Under the Securities Code, the Directors are required to notify the Chairman and receive a dated written clearance before dealing in the securities and derivatives of the Company and, in the case of the Chairman himself, he must notify the Board and receive a dated written clearance before any dealing. The clearance to deal is valid for not more than 5 business days from the day it is received.

Having made specific enquiries, all Directors have confirmed that they have met the required standard set out in the Securities Code and the Model Code throughout the financial year under review. Directors' interests as at 31 March 2011 in the shares in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) are set out on pages 27 to 29.

Investor Relations

The Company continues to enhance relationships and communication with its investors. Detailed information about the Company's performance and activities has been provided in the annual reports and the interim reports which have been sent to shareholders. The Company maintains close communications with investors, analysts, fund managers and the media by individual interviews and meetings. The Group also responds to requests for information and queries from the investors in an informative and timely manner.

The Board also welcomes views of shareholders on matters affecting the Group and encourages them to attend shareholders' meetings to communicate any concerns they might have with the Board or senior management directly. In order to promote effective communication, the Company maintains its website at www.amspt.com on which financial and other information relating to the Group and its businesses is disclosed.

Directors and Senior Management Profile

Executive Directors

Mr. Wong Man Kit, MH, FCILT, aged 69, is one of the founders of the Group and the Chairman of the Board. Mr. Wong has over 36 years' experience in the operation of public transport business in Hong Kong and is responsible for formulating the overall business strategy and corporate development of the Group. Mr. Wong has been a fellow member of the Chartered Institute of Logistics and Transport ("CILT") in Hong Kong since 2000, and is the chairman of the Hong Kong Scheduled (GMB) Licensee Association, a member of The Chinese General Chamber of Commerce and a co-opted member of Southern District Council. Mr. Wong is also the honorary president of The University of Hong Kong Foundation for Educational Development and Research. Mr. Wong has been granted the awards of "Medal of Honour" by the Hong Kong government in 2000 and "Ten Outstanding Young Person Award" by The Hong Kong Junior Chamber of Commerce in the Ten Outstanding Young Persons Selection in 1981, both in recognition of his outstanding performance and contribution.

Ms. Ng Sui Chun, aged 60, wife of Mr. Wong Man Kit, is the finance director of the Company and one of the founders of the Group. Ms. Ng has been actively involved in the management of the daily operations of the Group for over 36 years and is responsible for the implementation of corporate policy, particularly in the area of finance and administration of the Group. She also actively participates in charity activities, including being the chairman of the Aberdeen Women Compassion Association, a committee member of the Association for the Elders of Aberdeen, a member of Zhongshan Overseas Women Association and a committee member of The Tung Wah Group of Hospitals Aberdeen District Committee.

Mr. Wong Ling Sun, Vincent, aged 36, is the son of Mr. Wong Man Kit and Ms. Ng Sui Chun. Mr. Wong graduated from the University of Winnipeg with a bachelor of arts degree in economics. Prior to joining the Group, he worked for a large smart card system provider company in Hong Kong. He joined the Group in 2002 and is responsible for monitoring the operation and internal control of the Group. Mr. Wong is currently an elected member of the Southern District Council. He was appointed as Executive Director on 16 October 2004. Before that, he was a Non-Executive Director.

Mr. Chan Man Chun, MBA, aged 47, is the CEO and Executive Director. Mr. Chan is actively involved in the overall business operations and is responsible for the implementation of the corporate strategy of the Group. He graduated from the Hong Kong Polytechnic University and holds a master degree in business administration (MBA) from Brighton University. Mr. Chan is a spokesperson of the Environmental Light Bus Alliance and the Hong Kong Scheduled (GMB) Licensee Association. He is also elected as director of Hong Kong Football Association Limited, a co-opted member of the Southern District Council, the vice-chairman of the Southern District South Area Committee, the chairman of the Southern District Football Team and also the chairman of the Joint Committee for Southern District Community Programme Against Youth Drug Abuse. He joined the Group in July 1989 and was appointed as CEO on 1 April 2005.

Directors and Senior Management Profile

Independent Non-Executive Directors

Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP, aged 71, holds an honorary doctoral degree in engineering from the Hong Kong Polytechnic University and an honorary doctoral degree in laws from The Chinese University of Hong Kong. He was formerly a Hong Kong deputy of The 9th & 10th National People's Congress, HKSAR, a member of the Hong Kong Legislative Council from 1978 to 1997, a senior member of the Hong Kong Legislative Council from 1988 to 1991 and a member of the Hong Kong Executive Council from 1985 to 1992. He is currently the independent non-executive director of Giordano International Limited, ITE (Holdings) Limited, Playmates Holdings Limited, Wang On Group Limited and VXL Capital Limited, all of which are listed on the Stock Exchange. He was appointed as Independent Non-Executive Director in March 2004.

Dr. Chan Yuen Tak Fai, Dorothy, B.Soc.Sc, M.Soc.Sc, PhD, BBS, FCILT, aged 61, is currently the deputy director of The School of Professional and Continuing Education of The University of Hong Kong (the "HKU SPACE"). She was the vice principal of HKU SPACE Community College from 2002 to 2005. Before joining HKU SPACE, Dr. Chan was the Deputy Commissioner for Transport of the Hong Kong government. Dr. Chan is a fellow of CILT in Hong Kong and served as the international vice president of the CILT from 2002 to 2006. Dr. Chan's current public service duties include serving as member of both Advisory Committee on Environment and Social Welfare Advisory Committee of the Hong Kong government, and also a member of the Board of Governors of the Hong Kong Institute for Public Administration. Dr. Chan holds a master of social sciences degree and a doctor of philosophy degree from The University of Hong Kong. She has also completed a "Leadership Enhancement and Development Executive Programme" from the Harvard University. She is currently a non-executive director of Hong Kong Tramways Limited. She was appointed as Independent Non-Executive Director in March 2010.

Mr. Kwong Ki Chi, GBS, JP, aged 60, is currently an independent non-executive director of another listed company, Giordano International Limited, and a private asset management company, m Capital investment management Limited. He has served in the Hong Kong government for 27 years and held positions principally in the economic and financial fields. Mr. Kwong was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Hong Kong government in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and first chief executive and retired in April 2003. Since then, Mr. Kwong had served as managing director of Hsin Chong International Holdings Limited and Hongkong Sales (Int'l) Limited and as director of Macau Legend Development Limited. Besides, Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Hong Kong government. Mr. Kwong graduated from The University of Hong Kong with a bachelor of science degree in physics and mathematics and was awarded a master of philosophy degree in economics and politics of development by the University of Cambridge, England. He was appointed as Independent Non-Executive Director in March 2011.

Directors and Senior Management Profile

Senior Management

Ms. Wong Wai Sum, May, BBA (HRM), MA (TranspPol & Plan), MIHRM (HK), CMILT, aged 35, is the daughter of Mr. Wong Man Kit and Ms. Ng Sui Chun. Ms. Wong is the human resources and deputy finance director of the Company and is responsible for the human resources and financial management of the Group. Prior to joining the Group, Ms. Wong worked for a leading international airline company. She holds a master of arts degree in transport policy and planning from The University of Hong Kong and a bachelor of business administration degree (major in human resources management) from Simon Fraser University in Canada. She received a certificate of international division program in Japanese language and Asian studies in Waseda University in Japan. She has been a chartered member of the CILT in Hong Kong and an ordinary member of Hong Kong Institute of Human Resources Management since 2005. She has joined the Group since September 2003.

Mr. Wong Man Chiu, MSc, aged 48, has been the engineering manager of the Group since 1993. He is responsible for the management of the Group's repair and maintenance centres. He holds a master degree in computer science from the University of Manchester in England and a bachelor of engineering degree in mechanical engineering with vehicle option from the Hatfield Polytechnic in England. He also obtained a higher certificate in mechanical engineering from the Hong Kong Polytechnic University. He joined the Group in 1993 and is the brother of Mr. Wong Man Kit.

Ms. Wong Ka Yan, HKICPA, LLB, aged 34, is the company secretary of the Company and head of finance of the Group. She joined the Group in January 2003 and is responsible for the financial control and accounting functions of the Group. She graduated from The Chinese University of Hong Kong with a bachelor degree in business administration (major in general finance) and also holds a bachelor degree in laws from the University of London. Ms. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Prior to joining the Group, she had worked in an international accounting firm in auditing for 3 years. She was appointed as company secretary on 26 July 2005.

Mr. Wong Yu Fung, aged 33, is the operation manager of the Group. He holds a bachelor degree in transport and logistics management from RMIT University and a higher diploma in transport studies from the Hong Kong Institute of Vocational Education. Mr. Wong joined the Group in June 2000.

Directors' Report

The Board is pleased to present this annual report together with the audited financial statements of the Group to the shareholders for the year ended 31 March 2011.

Principal activities

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of franchised PLB transportation services in Hong Kong and cross-boundary public bus transportation services between Hong Kong and Mainland China.

Results and dividends

The results of the Group for the year ended 31 March 2011 are set out in the consolidated income statement on page 39. The Directors recommend payment of a final dividend of HK12.0 cents per ordinary share (2010: final dividend of HK11.0 cents per ordinary share) in respect of the year, to shareholders on the register of members on 19 September 2011.

Bonus Issue of Shares

The Board recommends the issue of bonus shares on the basis of one bonus share for every ten existing ordinary shares held by the shareholders of the Company whose names are on its register of members on 19 September 2011. The Bonus Issue is subject to the conditions and arrangements set out in the circular dispatched together with this annual report.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 30 to the financial statements respectively.

Donations

Charitable donations made by the Group during the year amounted to HK$122,000 (2010: HK$104,000).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

Principal subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2011 are set out in note 20 to the financial statements.

Borrowings

The borrowings of the Group are shown in note 24 to the financial statements.

Share capital

Details of the movements in the share capital of the Company are set out in note 28 to the financial statements.

Distributable reserves

Distributable reserves of the Company as at 31 March 2011 amounted to HK$199,797,000 (2010: HK$195,755,000).

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 110.

Directors' Report

Directors

The Directors during the year and up to the date of this report are:

Executive Directors:
Mr. Wong Man Kit
Ms. Ng Sui Chun
Mr. Wong Ling Sun, Vincent
Mr. Chan Man Chun

Independent Non-Executive Directors:
Dr. Lee Peng Fei, Allen
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi (appointed on 14 March 2011)
Mr. Lam Wai Keung (retired on 14 March 2011)

In accordance with Article 87(1) of the Company's Articles of Association, the Executive Directors Mr. Wong Ling Sun, Vincent and Mr. Chan Man Chun and the Independent Non-Executive Director Mr. Kwong Ki Chi, will retire and, being eligible, offer themselves for re-election at the AGM. Mr. Kwong Ki Chi has been appointed for a period of 3 years starting from 14 March 2011. As for the other 2 Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen had completed his last appointment of 3 years and has been re-appointed for a period of 2 years starting from 14 March 2010, and Dr. Chan Yuen Tak Fai, Dorothy has been appointed for a period of 3 years starting from 14 March 2010.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received the annual confirmation of independence from each of the 3 Independent Non-Executive Directors and the Company considers the Independent Non-Executive Directors to be independent.

Directors' service contracts

All of the service contracts of the Executive Directors cover an initial term of 3 years, and will continue thereafter until terminated by either party giving to the other not less than 6 months' prior written notice expiring not earlier than the date of expiry of the initial term.

All Independent Non-Executive Directors are appointed on terms ranging from 2 years to 3 years. None of the Directors who are proposed for re-election at the AGM has service contract with the Company which is not determinable within 1 year without payment of compensation, other than statutory compensation.

The remuneration of the Directors and the details of the 5 highest-paid individuals of the Company are set out in note 16 to the financial statements.

Directors' interests in contracts

For the year ended 31 March 2011, some of the Directors had interests in the following contracts with the Group:

(i) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent (together with their family members, collectively the "Wong Family"), all being Executive Directors, were indirectly interested in a minibus leasing agreement entered into between a wholly owned subsidiary of the Company, as lessee and Maxson Transportation Limited ("Maxson"), Hong Kong & China Transportation Consultants Limited ("HKCT") and Glory Success Transportation Limited ("Glory Success") as lessors. The lessors are beneficially owned and controlled by the major shareholders, the Wong Family;

(ii) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, were indirectly interested in a minibus service agreement entered into between a wholly owned subsidiary of the Company as service provider and companies beneficially owned and controlled by the major shareholders, the Wong Family, as service users;

(iii) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, were indirectly interested in motor vehicle repair and maintenance service contracts entered into between a wholly owned subsidiary of the Company as service provider, and 5 respective companies beneficially owned and controlled by the major shareholders, the Wong Family, or its member(s), as service users;

(iv) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, were indirectly interested in 3 management service agreements entered into between a wholly owned subsidiary of the Company and 3 companies, which are beneficially owned and controlled by the major shareholders, the Wong Family, or its member(s), respectively;

(v) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, were indirectly interested in a motor vehicle purchase agreement entered into between a wholly owned subsidiary of the Company and a company which is beneficially owned and controlled by Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent; and

(vi) Mr. Wong Man Kit and Ms. Ng Sui Chun, both being Executive Directors, were indirectly interested in a web-based sale system agreement and a system and server maintenance agreement entered into between subsidiaries of the Company and a company which is beneficially owned and controlled by Mr. Wong Man Kit and Ms. Ng Sui Chun.

Save as the aforesaid, none of the Directors had any material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries, was a party during the year.

Directors' interests in competing business

Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent are directors and beneficial owners of Big Three Limited. Big Three Limited is engaged in the provision of PLB transportation services in Hong Kong, which constitutes a competing business to the Group.

The Board has established procedures to identify any conflict of interests due to the directorships and ownership of Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent in Big Three Limited. If conflict of interest arises, Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent will abstain from voting on the Board. Also, the Wong Family has entered into a deed of non-competition dated 22 March 2004, in which the Wong Family irrevocably undertakes to the Company that the Wong Family shall not carry on or be engaged in, concerned with or interested in, directly or indirectly, any transportation related business or investment unless such business or investment has been disclosed and first offered to the Company and rejected by the Company after being reviewed by the Independent Non-Executive Directors.

The Group is therefore capable of carrying on its businesses independently, and at arm's length from the said competing business.

Directors' interests in shares

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

As at 31 March 2011, the interests and short positions of the Directors in the shares and underlying shares in the Company and its associated corporations (within the meaning of the SFO) which are recorded in the register required to be kept under Section 352 of Part XV of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code are 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	10,023,000	4.41%
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	10,023,000	4.41%
	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	320,000	0.14%
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. Chan Yuen Tak Fai, Dorothy	Long position	Beneficial owner	Personal	300,000	0.13%
Mr. Kwong Ki Chi	Long position	Beneficial owner	Personal	300,000	0.13%
(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%

Directors' Report

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held (Note d)	Approximate percentage of shareholding
(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%
(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%

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held (Note d)	Approximate percentage of shareholding
(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 31 March 2011, a total of 146,070,000 shares in the Company (the "Shares") 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 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 10,023,000 Shares as at 31 March 2011.

(c) All Wealth Limited ("All Wealth"), A.I. International Holdings Limited ("AIIH"), Maxson and HKCT (collectively the "Associated Corporations") are associated corporations of the Company within the meaning of Part XV of the SFO 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 option scheme" 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 of its associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Biographical details of Directors and senior management

Brief biographical details of the Directors and senior management are set out on pages 21 to 23.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Share option scheme

Pursuant to a written resolution passed by all shareholders of the Company on 22 March 2004, a share option scheme (the "Share Option Scheme") was adopted by the Company.

Summary of the Share Option Scheme

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives for their contribution to the Group.

(b) Participants of the Share Option Scheme

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for the Shares:

(i) any employee or proposed employee (whether full-time or part-time and including any executive director), consultant or adviser of or to the Company, any of its subsidiaries or any entity in which the Group holds an equity interest (the "Invested Entity");

(ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

and for the purpose of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. The eligibility of the above classes of participants to the grant of options shall be determined by the Directors from time to time with reference to the relevant participants' contribution to the development and growth of the Group.

(c) Total number of Shares available for issue under the Share Option Scheme

The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the limit. The Scheme Mandate Limit (as defined below) under the Share Option Scheme was refreshed and renewed by an ordinary resolution passed by the shareholders at an extraordinary general meeting held on 25 July 2005 which enabled the grant of further share options to subscribe up to 22,750,000 Shares (the "Scheme Mandate Limit"), representing 10% of the Shares in issue as at the said date and the date of this report.

The Company may seek approval of its shareholders in general meeting to refresh the Scheme Mandate Limit subject to requirements under Chapter 17 of the Listing Rules provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the limit. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time.

(d) Maximum entitlement of each participant

Unless approved by the shareholders of the Company, the total number of Shares issued or to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue.

(e) Time of exercise of options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day upon which the offer for grant of the option is accepted and shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions on early termination set out in the Share Option Scheme.

(f) Minimum period for which an option must be held before it can be exercised

The Directors have the absolute discretion to fix the minimum period for which an option must be held before it can be exercised.

(g) Payment on acceptance of option

Pursuant to the Share Option Scheme, a nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

(h) Basis of determining the subscription price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Directors in their absolute discretion may determine, save that such price must not be less than the highest of (i) the nominal value of the Share, (ii) the average of the closing prices of the Share as stated in the Stock Exchange's daily quotations sheet for the 5 consecutive trading days immediately preceding the date of grant of the option; and (iii) the closing price of the Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a trading day).

(i) Remaining life of the Share Option Scheme

The Share Option Scheme will continue to be in full force and effect until 14 April 2014 (i.e. 10 years from the date on which the Share Option Scheme first became unconditional) unless terminated earlier by the Company by resolution passed in general meeting. After expiration or termination (as the case may be), no further options shall be offered but options granted prior thereto shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

Outstanding share options

Details of the outstanding options of the Company as at 31 March 2011 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 option (HK$)	Outstanding as at 1 April 2010	Number of share options granted during the year (Note 4)	Number of share options exercised during the year (Note 3)	Number of share options lapsed during the year (Note 3)	Outstanding as at 31 March 2011
Category 1: Directors (Note 1)									
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
In aggregate					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
In aggregate					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
In aggregate					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
In aggregate					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. Chan Yuen Tak Fai, Dorothy	15/3/2010	300,000	15/3/2010-14/3/2020	1.39	300,000	–	–	–	300,000
Mr. Kwong Ki Chi	14/3/2011	300,000	14/3/2011-13/3/2021	1.58	–	300,000	–	–	300,000
Total Directors					9,700,000	300,000	–	–	10,000,000
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
Category 3: Others	8/11/2004	300,000	9/11/2004-13/3/2011	1.57	300,000	–	–	300,000	–
Total all categories					14,250,000	300,000	–	300,000	14,250,000

Notes:

(1) The closing prices of the Share immediately before the date of grant of 8 November 2004, 3 April 2007, 12 April 2007, 15 March 2010 and 14 March 2011 were HK$1.56, HK$1.41, HK$1.41, HK$1.36 and HK$1.57 respectively. All options granted to the 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 total, 2,450,000 options were vested in 5 equal tranches on 8 November 2004, 2005, 2006, 2007 and 2008 respectively. 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 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) 300,000 options were lapsed and no option was exercised during the year ended 31 March 2011.

(4) During the year ended 31 March 2011, 300,000 share options were granted. The fair value of these options on the date of grant was HK$39,000, calculated using the Black-Scholes option pricing model. The significant inputs into the model are as follows:

Date of grant	**14 March 2011**
Number of share options	300,000
Closing price of the Share immediately before the date of grant	HK$1.57
Exercise price	HK$1.58
Annual risk-free interest rate	2.7%
Expected dividend yield	7.9%
Expected option life	10 years
Expected volatility	27.6%

The volatility measured at the standard deviation of the expected share price returns is based on statistical analysis of the monthly share prices over the period from the date of initial listing of the Shares on the Main Board of the Stock Exchange to the date of grant. The Black-Scholes option pricing model requires input of subjective assumptions. Changes in the inputs may materially affect the fair value estimate.

In respect of the disclosure of value of the options and the accounting policy adopted for the options, please refer to note 29 to the financial statements.

Major customers and suppliers

The 5 largest customers of the Group accounted for less than 30% of the Group's total turnover for the year ended 31 March 2011.

The percentages of purchase for the year from the Group's major suppliers are as follows:

Purchases

- the largest supplier 6.4% (2010: 9.2%)
- the 5 largest suppliers combined 27.7% (2010: 32.8%)

Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, are directors and beneficial shareholders of the Group's second and fifth largest suppliers.

Connected transactions

Significant related party transactions entered into by the Company during the year ended 31 March 2011, constituting connected transactions under the Listing Rules which are required to be disclosed in accordance with Chapter 14A of the Listing Rules are as follows:

	2011 **HK$'000**	2010 HK$'000
Continuing:		
PLB hire charges paid to related companies	**53,038**	54,588
Agency fee income received from related companies	**2,326**	2,311

Pursuant to a minibus leasing agreement dated 18 February 2009 and a minibus service agreement dated 22 March 2004, the PLB hire charges disclosed above, after deduction of agency fee income, payable to Maxson, HKCT and Glory Success would constitute continuing connected transactions of the Company.

In accordance with paragraph 14A.37 of the Listing Rules, the Directors, including the Independent Non-Executive Directors, have reviewed and confirmed that:

1. the foregoing continuing connected transactions were entered into:

   (a) in the ordinary and usual course of the Group's business;

   (b) either on normal commercial terms or on terms no less favourable to the Company than terms available to or from independent third parties; and

   (c) in accordance with the respective agreements, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

2. the aggregate amount for the year ended 31 March 2011 payable by the Company under the minibus leasing agreement dated 18 February 2009, after deduction of agency fee, did not exceed HK$66,700,000 in accordance with an ordinary resolution passed in an extraordinary general meeting held on 27 March 2009.

In accordance with paragraph 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the HKICPA. The auditors have reported their factual findings on the selected samples based on the agreed procedures to the Board.

Substantial shareholders

As at 31 March 2011, the following persons (other than the Directors) had 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 shareholders		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 31 March 2011, 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 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 31 March 2011, 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 the long position in the Shares.

Save as disclosed herein, the Company has not been notified of any other person (other than a Director and chief executive of the Company) having an interest or a short position in the Shares and/or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2011.

Model code for securities transactions by Directors

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the year ended 31 March 2011. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Securities Code and Model Code throughout the financial year under review.

Sufficiency of public float

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company has maintained sufficient public float as required by the Listing Rules as at the date of this annual report.

Audit committee

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and "A Guide for The Formation of An Audit Committee" published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises 3 Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 29 June 2011 to review the Group's annual financial statements and annual results announcement, and to provide advice and recommendations to the Board.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

Purchase, sale or redemption of the Company's listed securities

During the year ended 31 March 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Auditors

JBPB & Co. (formerly known as Grant Thornton) acted as auditors of the Company for the preceding 3 financial years and resigned on 30 December 2010.

Grant Thornton Jingdu Tianhua was appointed as auditors of the Company on 20 January 2011.

The accompanying financial statements were audited by Grant Thornton Jingdu Tianhua. A resolution will be submitted to the shareholders at the AGM to re-appoint Grant Thornton Jingdu Tianhua as auditors of the Company.

By Order of the Board

Wong Man Kit
Chairman

Hong Kong, 29 June 2011

Independent Auditors' Report

Grant Thornton
京都天华

Member of Grant Thornton International Ltd

To the members of
AMS Public Transport Holdings Limited
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 109, which comprise the consolidated and the Company balance sheets as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Grant Thornton
京都天华

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Jingdu Tianhua
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue, Causeway Bay
Hong Kong

29 June 2011

Consolidated Income Statement

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010* HK$'000
CONTINUING OPERATION:			
Turnover	6	**305,225**	302,754
Direct costs		**(244,998)**	(234,265)
Gross profit		**60,227**	68,489
Other revenue	7	**5,612**	6,128
Other net income	7	**336**	1,006
Administrative expenses		**(28,995)**	(26,810)
Other operating expenses		**(1,060)**	(1,096)
Operating profit		**36,120**	47,717
Finance costs	8	**(618)**	(592)
Profit before income tax	9	**35,502**	47,125
Income tax expense	10	**(6,014)**	(7,683)
Profit for the year from continuing operation		**29,488**	39,442
DISCONTINUED OPERATION:			
Profit for the year from discontinued operation	14(a)	**2,854**	9,985
Profit for the year		**32,342**	49,427
Attributable to:			
Equity holders of the Company	11		
– from continuing operation		**29,488**	39,442
– from discontinued operation		**2,348**	8,324
		31,836	47,766
Non-controlling interests			
– from discontinued operation		**506**	1,661
Profit for the year		**32,342**	49,427
Earnings per share for profit attributable to equity holders of the Company			
– Basic (in HK cents)			
– from continuing operation		**12.96**	17.34
– from discontinued operation		**1.03**	3.66
	13(a)	**13.99**	21.00
– Diluted (in HK cents)			
– from continuing operation		**12.95**	17.34
– from discontinued operation		**1.03**	3.66
	13(b)	**13.98**	21.00

* The figures have been reclassified to disclose the results of discontinued operation in a separate line.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**32,342**	49,427
Other comprehensive income		
– Surplus on revaluation of PLB licences	**20,820**	17,010
– Exchange gain on translation of financial statements of foreign operations	**239**	–
Other comprehensive income for the year	**21,059**	17,010
Total comprehensive income for the year	**53,401**	66,437
Total comprehensive income attributable to:		
Equity holders of the Company	**52,717**	64,776
Non-controlling interests	**684**	1,661
	53,401	66,437

Consolidated Balance Sheet

As at 31 March 2011

	Notes	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000 (Restated)	As at 1 April 2009 HK$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	17	**15,653**	79,297	65,147
PLB licences	18	**163,900**	143,000	125,180
Goodwill	19	**9,118**	167,592	164,445
Interest in a jointly controlled entity	21	**–**	135	134
Deferred tax assets	31	**26**	107	85
		188,697	390,131	354,991
Current assets				
Trade and other receivables	22	**37,823**	24,477	19,210
Amount due from a jointly controlled entity	21	**–**	1,133	1,252
Tax recoverable		**934**	1,908	56
Bank balances and cash	23	**20,699**	38,252	38,524
		59,456	65,770	59,042
Assets held for sale	14(b)	**262,460**	–	–
		321,916	65,770	59,042
Current liabilities				
Borrowings	24	**3,062**	90,811	83,361
Trade and other payables	25	**17,167**	29,118	25,926
Deferred income		**–**	4,041	3,785
Other financial liability	26	**–**	2,190	4,650
Other current liability		**–**	–	9,000
Tax payable		**465**	3,934	5,452
		20,694	130,094	132,174
Liabilities directly associated with assets held for sale	14(c)	**112,526**	–	–
		133,220	130,094	132,174
Net current assets/(liabilities)		**188,696**	(64,324)	(73,132)
Total assets less current liabilities		**377,393**	325,807	281,859

Consolidated Balance Sheet

As at 31 March 2011

	Notes	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000 (Restated)	As at 1 April 2009 HK$'000 (Restated)
Non-current liabilities				
Borrowings	24	**53,845**	24,623	25,644
Deferred tax liabilities	31	**130**	6,181	4,933
		53,975	30,804	30,577
Net assets		**323,418**	295,003	251,282
EQUITY				
Share capital	28	**22,750**	22,750	22,750
Reserves		**280,253**	252,522	210,462
Equity attributable to equity holders of the Company		**303,003**	275,272	233,212
Non-controlling interests		**20,415**	19,731	18,070
Total equity		**323,418**	295,003	251,282

Wong Man Kit
Chairman

Ng Sui Chun
Director

Balance Sheet

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	20	**96,933**	144,159
Current assets			
Amounts due from subsidiaries	20	**231,446**	202,051
Other receivables		**138**	136
Tax recoverable		**–**	27
Bank balances and cash	23	**7,667**	4,052
		239,251	206,266
Assets held for sale	14(e)	**47,226**	–
		286,477	206,266
Current liabilities			
Bank overdrafts		**–**	31
Amounts due to subsidiaries	20	**160,060**	131,067
Other payables		**163**	221
Tax payable		**9**	–
		160,232	131,319
Net current assets		**126,245**	74,947
Net assets		**223,178**	219,106
EQUITY			
Share capital	28	**22,750**	22,750
Reserves	30	**200,428**	196,356
Total equity		**223,178**	219,106

Wong Man Kit
Chairman

Ng Sui Chun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Equity 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	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 April 2010	22,750	47,779	50,907	601	19,296	658	133,281	275,272	19,731	295,003
Share-based compensation	–	–	–	39	–	–	–	39	–	39
2010 final dividends (note 12)	–	–	–	–	–	–	(25,025)	(25,025)	–	(25,025)
Transaction with owners	–	–	–	39	–	–	(25,025)	(24,986)	–	(24,986)
Profit for the year	–	–	–	–	–	–	31,836	31,836	506	32,342
Other comprehensive income:										
– Exchange gain on translation of financial statements of foreign operations	–	–	–	–	–	61	–	61	178	239
– Surplus on revaluation of PLB licences (note 18)	–	–	20,820	–	–	–	–	20,820	–	20,820
Total comprehensive income for the year	–	–	20,820	–	–	61	31,836	52,717	684	53,401
Lapse of share options	–	–	–	(9)	–	–	9	–	–	–
As at 31 March 2011	**22,750**	**47,779**	**71,727**	**631**	**19,296**	**719**	**140,101**	**303,003**	**20,415**	**323,418**
As at 1 April 2009	22,750	47,779	33,897	567	19,296	658	108,265	233,212	18,070	251,282
Share-based compensation	–	–	–	34	–	–	–	34	–	34
2009 final dividends (note 12)	–	–	–	–	–	–	(22,750)	(22,750)	–	(22,750)
Transaction with owners	–	–	–	34	–	–	(22,750)	(22,716)	–	(22,716)
Profit for the year	–	–	–	–	–	–	47,766	47,766	1,661	49,427
Other comprehensive income:										
– Surplus on revaluation of PLB licences (note 18)	–	–	17,010	–	–	–	–	17,010	–	17,010
Total comprehensive income for the year	–	–	17,010	–	–	–	47,766	64,776	1,661	66,437
As at 31 March 2010	22,750	47,779	50,907	601	19,296	658	133,281	275,272	19,731	295,003

Consolidated Cash Flow Statement

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from operating activities			
Cash generated from operations	36	**56,673**	70,234
Income tax paid		**(8,950)**	(12,278)
Net cash from operating activities		**47,723**	57,956
Cash flows from investing activities			
Purchase of property, plant and equipment		**(16,555)**	(23,580)
Purchase of public bus licences		**(4,150)**	–
Proceeds from disposal of property, plant and equipment		**242**	25
Interest received		**31**	40
Acquisition of a subsidiary, net of cash and cash equivalents acquired	37	**–**	(3,428)
Settlement of consideration payable for acquisition of a subsidiary in prior year		**–**	(1,599)
Payment for extension of operation period of a subsidiary		**–**	(9,000)
Deposit paid for acquisition of a subsidiary		**(32,000)**	–
Net cash used in investing activities		**(52,432)**	(37,542)
Cash flows from financing activities			
Proceeds from new borrowings		**55,371**	28,962
Repayment of borrowings		**(31,587)**	(23,839)
Interest paid		**(2,870)**	(2,416)
Dividends paid to equity holders of the Company		**(25,025)**	(22,750)
Net cash used in financing activities		**(4,111)**	(20,043)
Net (decrease)/increase in cash and cash equivalents		**(8,820)**	371
Cash and cash equivalents at the beginning of the year		**38,221**	37,850
Effect of foreign exchange rate changes, on cash held		**190**	–
Cash and cash equivalents of disposal group classified as assets held for sale	14(b)	**(8,892)**	–
Cash and cash equivalents at the end of the year		**20,699**	38,221
Analysis of cash and cash equivalents			
Bank balances and cash	23	**20,699**	38,252
Bank overdrafts	24	**–**	(31)
		20,699	38,221

Notes to the Financial Statements
For the year ended 31 March 2011

1. GENERAL INFORMATION

AMS Public Transport Holdings Limited (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 addresses of its registered office and principal place of business are disclosed in the Company Information section of the annual report. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 April 2004.

The Company's immediate holding company is Skyblue Group Limited, a company incorporated in the British Virgin Islands. The directors regard JETSUN UT Company (PTC) Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company of the Company.

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 (the "PRC").

On 27 April 2011, the Company entered into an agreement with Trans-Island Limousine Service Limited ("TILS") to sell its entire interest in Elegant Sun Group Limited ("ESG"), a wholly owned subsidiary of the Company, to TILS at a consideration of HK$300,000,000. As at the reporting date, the directors considered the carrying amount of ESG and its subsidiaries is to be recovered through a sale transaction and the sale is considered highly probable. As a result, the cross-boundary public bus operation has been categorised under "discontinued operation" in the consolidated income statement and the assets and liabilities to be disposed are classified as "assets held for sale" and "liabilities directly associated with assets held for sale" respectively in the consolidated balance sheet. Analysis of results, cash flows, assets and liabilities of the disposal group is presented in note 14.

The financial statements for the year ended 31 March 2011 were approved for issue by the board of directors on 29 June 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 39 to 109 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared on the historical cost basis except for PLB licences and other financial liability which are stated at fair values. The measurement bases are fully described in the accounting policies below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interest that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

2.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Subsidiaries (Continued)

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for using the acquisition method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment losses unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date. All dividends whether received out of the investee's pre or post acquisition profits are recognised in the Company's income statement.

2.4 Jointly controlled entity

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers.

In consolidated financial statements, an investment in a jointly controlled entity is initially recognised at cost and subsequently accounted for using equity accounting method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement in the determination of the Group's share of the jointly controlled entity's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the jointly controlled entity is carried at cost and adjusted for the post-acquisition changes in the Group's share of the jointly controlled entity's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the jointly controlled entity for the year, including any impairment loss on the investment in jointly controlled entity recognised for the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Jointly controlled entity (Continued)

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Where unrealised losses on assets sales between the Group and its jointly controlled entities are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the jointly controlled entity uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the jointly controlled entity's accounting policies to those of the Group when the jointly controlled entity's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity. For this purpose, the Group's interest in the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its jointly controlled entity. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in jointly controlled entity is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs to sell) of the jointly controlled entity and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the jointly controlled entity, including cash flows arising from the operations of the jointly controlled entity and the proceeds on ultimate disposal of the investment.

2.5 Foreign currency translation

The financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates. Goodwill arising on the acquisitions of foreign operations before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

2.6 Property, plant and equipment

Land held for own use under finance lease and buildings thereon, and other items of plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method as follows:

Land	Over the remaining lease terms
Buildings	Not more than 50 years
Leasehold improvements	2-5 years and the lease term, whichever is the shorter
Furniture, fixtures and equipment	5 years
PLBs and public buses	5-10 years
Motor vehicles	5-10 years

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the accounting period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 PLB licences

PLB licences, which represent freely-transferable licences to provide PLB transportation services in Hong Kong, are stated in the balance sheet at open market value to be assessed at least annually by the directors and/or independent qualified valuers, less accumulated impairment losses, if any. Changes arising on the revaluation of PLB licences are generally recognised in other comprehensive income and accumulated in PLB licences revaluation reserve, except that (i) when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of that same licence immediately prior to the revaluation; and (ii) when a surplus arises on revaluation, it will be credited to the income statement, if and to the extent that a deficit on revaluation in respect of that same licence had previously been charged to the income statement.

The directors consider that the PLB licences have indefinite useful lives. In addition, there is an active market for PLB licences and the Group does not foresee any indicators that the residual value of each licence will be less than its prevailing market price. Accordingly, PLB licences are not amortised. The useful life of PLB licence is subject to annual assessment to determine whether events and circumstances continue to support an indefinite useful life for such asset.

On disposal of PLB licences, the related portion of surpluses previously taken to the PLB licences revaluation reserve is transferred to retained profits and is shown as a movement in reserves.

2.8 Public bus licences

Public bus licences acquired by the Group are regarded to have indefinite useful lives and are stated in the balance sheet at cost less accumulated impairment losses.

2.9 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in a jointly controlled entity is set out in note 2.4.

Goodwill represents the excess of (i) aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and fair value of the Group's previously held equity interest in the acquiree; over (ii) the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition.

When (ii) is greater than (i), then this excess is recognised immediately in income statement as a gain on bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating unit and is tested annually for impairment.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets

The Group's financial assets included loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becomes probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in group and, national or local economic conditions that correlate with defaults on the assets in the group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement of the period in which the reversal occurs.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivable is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term bank deposits. For the purpose of cash flow statement presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial liabilities

The Group's financial liabilities include bank loans and overdrafts, obligation under finance leases, trade and other payables, other current liability and other financial liability.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial liabilities (Continued)

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method.

Derivative financial liabilities

Derivative financial liabilities are initially recognised at fair value on the date the contract is entered into and subsequently remeasured at fair value at each balance sheet date. Gains or losses arising from changes in fair value are taken directly to the income statement for the year.

2.13 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amount representing the fair value of the leased assets or, if lower, the present value of the minimum lease payments of such assets, is included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Leases (Continued)

(ii) Assets acquired under finance leases (Continued)

Subsequent accounting for assets held under finance lease arrangements corresponds to those applied to those comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges as the lessee

Where the Group has a right to use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(iv) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in the income statement on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in income statement as an integral part of the aggregate net lease payments receivable.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Provisions (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.15 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services and the use by others of the Group's assets yielding rental income and interest. Provided it is probable that the economic benefits will flow to the Group and the revenue and cost, if applicable, can be measured reliably, revenue is recognised as follows:

Franchised PLB services income and cross-boundary public bus services income are recognised upon provision of the relevant services. Cross-boundary public bus services income received in advance is included in the balance sheet as deferred income.

Rental income of cross-boundary quota is recognised on a straight-line basis over the lease periods and the rental income received in advance is included in the balance sheet as deferred income.

Agency fee income, advertising income, repair and maintenance service income, management fee income, travel agency income and handling fee income are recognised upon provision of the relevant services.

Interest income is recognised on a time proportion basis using the effective interest method.

2.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in income statement over the period necessary to match them with the costs that the grants are intended to compensate. Government grant relating to the purchase of property, plant and equipment is accounted for by deducting the grant in arriving at the carrying amount of the asset. The government grant is recognised as income over the life of the related asset by way of a reduced depreciation charge.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Impairment of non-financial assets

Property, plant and equipment, PLB licences, public bus licences, goodwill, interest in subsidiaries and interest in a jointly controlled entity are subject to impairment testing.

Goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance and defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme"), for all of its employees who are eligible to participate in the MPF Scheme and the ORSO Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operates in PRC are required to participate in the central pension scheme operated by the relevant local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme.

Contributions are recognised as an expense in the income statement as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan for remuneration of its employees. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense, with a corresponding increase in the share options reserve in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

2.21 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and a jointly controlled entity, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Accounting for income taxes (Continued)

Changes in deferred tax assets or liabilities are recognised in the income statement, or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified the following reportable segments:

(a) Franchised PLB services; and

(b) Cross-boundary public bus services.

Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

– finance costs

– share of results of a jointly controlled entity

– income tax expense

– corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but exclude interest in a jointly controlled entity, tax recoverable and deferred tax assets. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Segment liabilities exclude deferred tax liabilities, tax payable and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2.25 Disposal group – assets held for sale

Disposal group is classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new 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 2010:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 (Amendments)	Non-current Assets Held for Sale and Discontinued Operations
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs (Amendments)	Improvements to HKFRSs 2009

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

(i) The Improvements to HKFRS 2009 consist of amendments to various existing standards, including an amendment to HKAS 17 "Leases". The amendment to HKAS 17 removes the specific guidance which stated that land should be classified as under operating lease when the title to that land is not expected to pass to the Group at the end of the lease term, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfer substantially all the risks and rewards of ownership of an asset to the lessee.

The amendment to HKAS 17 has been applied retrospectively for annual periods beginning on 1 April 2010. The Group has reassessed the classification of unexpired leases of land as at 1 April 2010 on the basis of information existing at the inception of those leases and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified the leasehold land from operating lease to finance lease.

3. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

(i) (Continued)

The effect of the adoption of the amendment to HKAS 17 is summarised below:

Consolidated balance sheet

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000	As at 1 April 2009 HK$'000
Increase in property, plant and equipment	**5,904**	6,057	6,210
Decrease in leasehold land	**(5,904)**	(6,057)	(6,210)

(ii) The HK-Int 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 for the first time in the current year. The interpretation requires retrospective application.

In order to comply with the requirements set out in HK-Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK-Int 5, term loans with a repayment on demand clause are classified as current liabilities.

The effect of the adoption of the HK-Int 5 is summarised below.

Consolidated balance sheet

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000	As at 1 April 2009 HK$'000
Current liabilities			
Increase in borrowings	**–**	62,119	55,099
Non-current liabilities			
Decrease in borrowings	**–**	(62,119)	(55,099)

The adoption of the amendment to HKAS 17 and HK-Int 5 had no effect on the consolidated income statement for the current and prior years.

3. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

At the date of authorisation of the financial statements, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the new or amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date but are not expected to have a material impact on the Group's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. Estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 19).

(b) Income taxes

The Group is subjected to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

5. SEGMENT INFORMATION

The executive directors have identified the Group's two service lines as operating segments as described in note 2.23. Information regarding the Group's reportable segments is set out below:

2011

	Continuing operation Franchised PLB services HK$'000	Discontinued operation Cross-boundary public bus services HK$'000	Group HK$'000
Reportable segment revenue (note (i))	305,225	149,932	455,157
Reportable segment profit	36,120	6,360	42,480
Finance costs			(2,870)
Share of results of a jointly controlled entity			1
Profit before income tax			39,611
Income tax expense			(7,269)
Profit for the year			32,342
Reportable segment assets	247,193	261,496	508,689
Interest in a jointly controlled entity			136
Deferred tax assets			84
Tax recoverable			1,704
Group assets			510,613
Reportable segment liabilities	17,167	20,442	37,609
Tax payable			1,151
Deferred tax liabilities			7,058
Other corporate liabilities			141,377
Group liabilities			187,195
Other information			
Additions to non-current segment assets	755	24,128	24,883
Depreciation	1,592	12,064	13,656
Interest income	(13)	(18)	(31)
Reversal of deficit on revaluation of a PLB licence	(80)	–	(80)

5. SEGMENT INFORMATION (Continued)

2010 (Restated)

	Continuing operation Franchised PLB services HK$'000	Discontinued operation Cross-boundary public bus services HK$'000	Group HK$'000
Reportable segment revenue (note (i))	302,754	136,458	439,212
Reportable segment profit	47,717	12,075	59,792
Unallocated corporate income			2,460
Finance costs			(2,416)
Share of results of a jointly controlled entity			1
Profit before income tax			59,837
Income tax expense			(10,410)
Profit for the year			49,427
Reportable segment assets	202,667	251,084	453,751
Interest in a jointly controlled entity			135
Deferred tax assets			107
Tax recoverable			1,908
Group assets			455,901
Reportable segment liabilities	14,405	18,754	33,159
Tax payable			3,934
Deferred tax liabilities			6,181
Other corporate liabilities			117,624
Group liabilities			160,898
Other information			
Additions to non-current segment assets	312	28,815	29,127
Depreciation	1,875	9,942	11,817
Interest income	–	(40)	(40)
Reversal of deficit on revaluation of a PLB licence	(810)	–	(810)

Note:

(i) All of the reportable segment revenue is from external customers.

5. SEGMENT INFORMATION (Continued)

The Group's revenues from external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas:

Hong Kong	Operation in Hong Kong
PRC – Hong Kong	Cross-boundary operation between Hong Kong and the PRC
Others	Other operations in Macau and the PRC

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operation:				
Hong Kong (domicile)	**305,225**	302,754	**188,671**	168,608
Discontinued operation:				
PRC – Hong Kong	**149,757**	136,235	**230,989**	219,346
Others	**175**	223	**1,418**	2,070
	149,932	136,458	**232,407**	221,416
	455,157	439,212	**421,078**	390,024

The geographical location of customers is based on the location at which the services were provided. The geographical location of non-current assets (other than deferred tax assets) is based on the physical location of the assets.

6. TURNOVER

	2011	2010
	HK$'000	HK$'000
Franchised PLB services income	**305,225**	302,754

7. OTHER REVENUE AND OTHER NET INCOME

	2011 HK$'000	2010 HK$'000
Other revenue		
Agency fee income	**2,519**	2,504
Advertising income	**1,069**	1,773
Repair and maintenance service income	**1,413**	1,092
Management fee income	**598**	759
Interest income	**13**	–
	5,612	6,128
Other net income		
Reversal of deficit on revaluation of a PLB licence credited to income statement	**80**	810
Net exchange gain	**35**	–
Net loss on disposal of property, plant and equipment	**–**	(13)
Sundry income	**221**	209
	336	1,006
	5,948	7,134

8. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on bank loans and overdrafts:		
– wholly repayable within five years	**3**	–
– not wholly repayable within five years	**615**	592
	618	592

9. PROFIT BEFORE INCOME TAX

	2011 HK$'000	2010 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Fuel cost	**57,414**	49,676
Employee benefit expense (including directors' emoluments) (note 15)	**118,204**	113,903
Operating lease rental in respect of		
– land and buildings	**7**	7
– PLBs	**59,338**	60,544
Depreciation of property, plant and equipment	**1,592**	1,875
Provision for impairment of trade receivables	**4**	7
Net loss on disposal of property, plant and equipment	**–**	13
Net exchange gain	**(35)**	–
Reversal of deficit on revaluation of a PLB licence credited to income statement	**(80)**	(810)
Auditors' remuneration	**380**	540

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

	2011 HK$'000	2010 HK$'000
Current tax		
– Hong Kong profits tax		
Current year	**5,872**	7,745
Under/(Over) provision in prior years	**13**	(7)
	5,885	7,738
Deferred tax		
Current year	**129**	(55)
Total income tax expense	**6,014**	7,683

10. INCOME TAX EXPENSE (Continued)

Reconciliation between tax expense and accounting profit at applicable tax rate:

	2011 HK$'000	2010 HK$'000
Profit before income tax	**35,502**	47,125
Tax at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**5,858**	7,776
Tax effect of non-deductible expenses	**58**	27
Tax effect of non-taxable revenue	**(15)**	(134)
Tax effect of tax losses not recognised	**1**	–
Under/(Over) provision in prior years	**13**	(7)
Others	**99**	21
Income tax expense	**6,014**	7,683

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company includes a profit of HK$29,058,000 (2010: HK$29,018,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

(a) Dividends attributable to the year

	2011 HK$'000	2010 HK$'000
Proposed final dividend of HK12.0 cents (2010: HK11.0 cents) per ordinary share	**27,300**	25,025

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

On 29 June 2011, the directors proposed the issue of bonus shares on the basis of one new share for every ten existing ordinary shares. As a result, the issued capital of the Company will increase from HK$22,750,000 to HK$25,025,000 by capitalising share premium of HK$2,275,000. The proposal would be effective after the approval of shareholders at the forthcoming annual general meeting of the Company and the grant of listing approval by the Stock Exchange.

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

	2011 HK$'000	2010 HK$'000
Final dividend in respect of the previous financial year, of HK11.0 cents (2010: HK10.0 cents) per ordinary share	**25,025**	22,750

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company (1) from continuing operation of HK$29,488,000 (2010: HK$39,442,000) and (2) from discontinued operation of HK$2,348,000 (2010: HK$8,324,000) and on the weighted average number of 227,500,000 (2010: 227,500,000) ordinary shares in issue during the year.

(b) 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 year after adjusting for the effects of all dilutive potential ordinary shares.

Details of calculation of diluted earnings per share for the year ended 31 March 2011 are shown as follows:

	2011
Profit attributable to equity holders of the Company for the year (in HK$'000)	
– From continuing operation	**29,488**
– From discontinued operation	**2,348**
	31,836
Weighted average number of ordinary shares in issue during the year (in thousands)	**227,500**
Effect of dilutive potential shares on exercise of share options (in thousands)	**183**
Weighted average number of ordinary shares used in calculating diluted earnings per share (in thousands)	**227,683**
Diluted earnings per share (in HK cents)	
– From continuing operation	**12.95**
– From discontinued operation	**1.03**
	13.98

Diluted earnings per share for the year ended 31 March 2010 equals to the basic earnings per share as the potential ordinary shares of share options were not included in the calculation of diluted earnings per share because they are anti-dilutive.

14. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

An analysis of the results, cash flows and assets and liabilities of the disposal group is as follows:

(a) Discontinued operation

	2011 HK$'000	2010 HK$'000
Results		
Turnover	**149,932**	136,458
Direct costs	**(110,556)**	(91,634)
Gross profit	**39,376**	44,824
Other revenue	**2,331**	2,780
Other net income	**43**	2,963
Administrative expenses	**(34,674)**	(35,063)
Other operating expenses	**(716)**	(969)
Operating profit	**6,360**	14,535
Finance costs	**(2,252)**	(1,824)
Share of results of a jointly controlled entity	**1**	1
Profit before income tax	**4,109**	12,712
Income tax expense	**(1,255)**	(2,727)
Profit for the year from discontinued operation	**2,854**	9,985
Cash flows		
Operating cash flows	**30,245**	25,502
Investing cash flows	**(19,690)**	(37,230)
Financing cash flows	**(10,382)**	4,825
Total cash flows	**173**	(6,903)

14. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE (Continued)

(b) Assets held for sale – Group

	Notes	As at 31 March 2011 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	17	**68,601**
Public bus licences		**5,196**
Goodwill	19	**158,474**
Interest in a jointly controlled entity	21	**136**
Deferred tax assets	31	**58**
		232,465
Current assets		
Trade and other receivables		**19,268**
Amount due from a jointly controlled entity	21	**1,065**
Tax recoverable		**770**
Bank balances and cash		**8,892**
		29,995
Total assets		**262,460**

(c) Liabilities directly associated with assets held for sale – Group

	Notes	As at 31 March 2011 HK$'000
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	31	**6,928**
Current liabilities		
Borrowings		**82,280**
Trade and other payables		**15,074**
Deferred income		**5,368**
Other financial liability	26	**2,190**
Tax payable		**686**
		105,598
Total liabilities		**112,526**

(d) The aggregate net book amounts of assets pledged as securities for loans amounted to HK$65,677,000 (note 27).

14. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE (Continued)

(e) Assets held for sale – Company

	As at 31 March 2011 HK$'000
ASSETS	
Non-current assets	
Interest in subsidiaries	**47,226**

15. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2011 HK$'000	2010 HK$'000
Salaries and allowances	**113,334**	109,127
Contributions to defined contribution plans	**4,831**	4,742
Share-based compensation	**39**	34
	118,204	113,903

16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of each of the directors is set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonuses HK$'000	Contributions to defined contribution plans HK$'000	Share-based compensation HK$'000	Total HK$'000
For the year ended 31 March 2011						
Mr. Wong Man Kit	**–**	**1,183**	**1,000**	**–**	**–**	**2,183**
Ms. Ng Sui Chun	**–**	**533**	**–**	**12**	**–**	**545**
Mr. Chan Man Chun	**240**	**1,312**	**2,395**	**24**	**–**	**3,971**
Mr. Wong Ling Sun, Vincent	**–**	**520**	**–**	**12**	**–**	**532**
Dr. Chan Yuen Tak Fai, Dorothy (note (i))	**302**	**–**	**–**	**–**	**–**	**302**
Dr. Lee Peng Fei, Allen	**302**	**–**	**–**	**–**	**–**	**302**
Mr. Kwong Ki Chi (note (i))	**16**	**–**	**–**	**–**	**39**	**55**
Mr. Lam Wai Keung (note (ii))	**171**	**–**	**–**	**–**	**–**	**171**
Total	**1,031**	**3,548**	**3,395**	**48**	**39**	**8,061**
For the year ended 31 March 2010						
Mr. Wong Man Kit	–	990	–	–	–	990
Ms. Ng Sui Chun	–	533	–	12	–	545
Mr. Chan Man Chun	240	1,292	2,776	24	–	4,332
Mr. Wong Ling Sun, Vincent	–	455	–	12	–	467
Dr. Chan Yuen Tak Fai, Dorothy (note (i))	14	–	–	–	34	48
Dr. Leung Chi Keung (note (ii))	286	–	–	–	–	286
Dr. Lee Peng Fei, Allen	300	–	–	–	–	300
Mr. Lam Wai Keung	180	–	–	–	–	180
Total	1,020	3,270	2,776	48	34	7,148

16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(Continued)

(a) Directors' emoluments (Continued)

Notes:

(i) Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi were appointed as independent non-executive directors of the Company on 14 March 2010 and 14 March 2011 respectively.

(ii) Dr. Leung Chi Keung and Mr. Lam Wai Keung retired from their posts as independent non-executive directors of the Company on 14 March 2010 and 14 March 2011 respectively.

(iii) None of the directors has waived the right to receive their emoluments for the years ended 31 March 2011 and 31 March 2010.

(iv) No emoluments were paid by the Group to any directors as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2011 and 31 March 2010.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2010: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: three) individuals during the year are as follows:

	2011	2010
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,646**	3,639
Bonuses	**393**	420
Contributions to defined contribution plans	**65**	70
	4,104	4,129

The emoluments of these three (2010: three) individuals fell within the following bands:

	Number of individuals	
	2011	2010
Emolument bands		
HK$Nil – HK$1,000,000	**2**	1
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$2,500,000	**1**	1
	3	3

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	PLBs and public buses HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
As at 1 April 2010, as previously reported	11,081	8,216	13,047	102,361	4,736	139,441
Effect of adoption of the amendment to HKAS 17 (note 3(i))	7,466	–	–	–	–	7,466
As at 1 April 2010, as restated	18,547	8,216	13,047	102,361	4,736	146,907
Additions	–	127	981	14,876	3,703	19,687
Disposals	–	(22)	(83)	(1,490)	(511)	(2,106)
Exchange adjustment	–	20	70	–	12	102
Classified as assets held for sale (note 14(b))	–	(2,471)	(5,264)	(106,617)	(3,838)	(118,190)
As at 31 March 2011	18,547	5,870	8,751	9,130	4,102	46,400
Accumulated depreciation						
As at 1 April 2010, as previously reported	3,197	7,147	9,932	41,783	4,142	66,201
Effect of adoption of the amendment to HKAS 17 (note 3(i))	1,409	–	–	–	–	1,409
As at 1 April 2010, as restated	4,606	7,147	9,932	41,783	4,142	67,610
Charge for the year	490	618	1,462	10,205	881	13,656
Disposals	–	(15)	(83)	(594)	(289)	(981)
Exchange adjustment	–	8	35	–	8	51
Classified as assets held for sale (note 14(b))	–	(2,090)	(3,979)	(42,449)	(1,071)	(49,589)
As at 31 March 2011	5,096	5,668	7,367	8,945	3,671	30,747
Net book value						
As at 31 March 2011	13,451	202	1,384	185	431	15,653

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	PLBs and public buses HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
As at 1 April 2009, as previously reported	11,081	7,486	12,562	78,020	4,656	113,805
Effect of adoption of the amendment to HKAS 17 (note 3(i))	7,466	–	–	–	–	7,466
As at 1 April 2009, as restated	18,547	7,486	12,562	78,020	4,656	121,271
Additions	–	730	517	22,253	80	23,580
Acquisition of a subsidiary	–	–	–	2,400	–	2,400
Disposals	–	–	(32)	(312)	–	(344)
As at 31 March 2010, as restated	18,547	8,216	13,047	102,361	4,736	146,907
Accumulated depreciation						
As at 1 April 2009, as previously reported	2,860	6,527	8,276	33,287	3,918	54,868
Effect of adoption of the amendment to HKAS 17 (note 3(i))	1,256	–	–	–	–	1,256
As at 1 April 2009, as restated	4,116	6,527	8,276	33,287	3,918	56,124
Charge for the year, as restated	490	620	1,675	8,808	224	11,817
Disposals	–	–	(19)	(312)	–	(331)
As at 31 March 2010, as restated	4,606	7,147	9,932	41,783	4,142	67,610
Net book value						
As at 31 March 2010, as restated	13,941	1,069	3,115	60,578	594	79,297

During the year ended 31 March 2011, the Group received government grants of HK$980,000 (2010: HK$515,000) from the Environment Protection Department of the Hong Kong Special Administrative Region Government ("HKSAR Government") in respect of the acquisition of public buses. The government grants are deducted from the costs in arriving at the carrying amounts of the public buses and are recognised as income over the useful lives of the public buses by way of a reduced depreciation charge.

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The net book value of property, plant and equipment pledged as security for the Group's banking facilities (note 27) are as follows:

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	PLBs and public buses HK$'000	Motor vehicles HK$'000	Total HK$'000
As at 31 March 2011	**4,430**	**–**	**–**	**161**	**–**	**4,591**
As at 31 March 2010, as restated	4,607	670	982	26,021	527	32,807

As at 31 March 2010, PLBs and public buses with net book value of HK$3,758,000 are held under finance lease.

18. PLB LICENCES

	Group	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**143,000**	125,180
Reversal of deficit on revaluation credited to income statement	**80**	810
Surplus on revaluation dealt with in revaluation reserve	**20,820**	17,010
At the end of the year	**163,900**	143,000

PLB licenses are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Group. The carrying amount of PLB licences is allocated to the cash-generating unit of franchised PLB services.

At the balance sheet date, PLB licences were revalued by Vigers Appraisal & Consulting Limited ("Vigers"), independent qualified valuers. The valuation is determined based on the market approach with reference to recent market transactions. The key assumptions include the continuous existence of an active market for PLB licences and the trends, market conditions and government policies for PLB businesses remain unchanged. Vigers determined these assumptions based on past performance and expectations on market development.

The carrying amount of PLB licences at the balance sheet date would have been HK$92,173,000 (2010: HK$92,173,000) had they been stated at cost less accumulated impairment losses.

At 31 March 2011, certain PLB licences with an aggregate net book value of HK$104,300,000 (2010: HK$52,000,000) were pledged as security for the Group's banking facilities (note 27).

19. GOODWILL

	Group	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year		
Gross carrying amount	**167,892**	164,745
Accumulated impairment	**(300)**	(300)
Net carrying amount	**167,592**	164,445
Net carrying amount at the beginning of the year	**167,592**	164,445
Acquisition of a subsidiary (note 37)	**–**	3,147
Classified as assets held for sale (note 14(b))	**(158,474)**	–
Net carrying amount at the end of the year	**9,118**	167,592
At the end of the year		
Gross carrying amount	**9,118**	167,892
Accumulated impairment	**–**	(300)
Net carrying amount	**9,118**	167,592

The carrying amount of goodwill, net of any impairment loss, is allocated to the following cash generating units:

	2011	2010
	HK$'000	HK$'000
Franchised PLB services	**9,118**	9,118
Cross-boundary public bus services	**–**	158,474
	9,118	167,592

The recoverable amount of each cash-generating unit ("CGU"), to which the goodwill relates, is determined based on the higher of fair value less costs to sell and value-in-use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the cost of disposal. Value-in-use is the present value of the future cash flow expected to be derived from an asset or CGU.

The recoverable amount determined based on the fair value less costs to sell was considered appropriate for the cross-boundary public bus services. On 27 April 2011, the Group entered into a sale and purchase agreement with a third party to sell the cross-boundary public bus operation at a consideration of HK$300,000,000.

19. GOODWILL (Continued)

The recoverable amount of franchised PLB services is determined based on value-in-use calculations. The calculations use cash flow projections based on the financial budget for the year ending 31 March 2012. Management determined the key assumptions including revenues, direct costs, staff costs and other operating costs based on past performance and expectation on market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The discount rates used are based on the weighted average cost of capital before tax reflecting specific risks relating to the CGU.

Key assumptions used for value-in-use calculations:

	Franchised PLB services	
	2011	2010
Growth rate	**1.0%**	1.0%
Discount rate	**5.4%**	5.4%

Based on the impairment test of goodwill, in the opinion of the directors, no impairment against the Group's goodwill as at 31 March 2011 and 31 March 2010 was considered necessary.

20. INTEREST IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Non-current		
Unlisted shares, at cost	**96,933**	96,933
Amount due from a subsidiary	**–**	47,226
	96,933	144,159
Current		
Amounts due from subsidiaries	**231,446**	202,051
Amounts due to subsidiaries	**(160,060)**	(131,067)

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand except for an amount of HK$47,226,000 due from a subsidiary as at 31 March 2010 is not repayable within the next twelve months. The carrying amounts of the amounts due approximate their fair values.

20. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 March 2011 are as follows:

Name of the company	Place of incorporation	Particulars of issued capital	Percentage of issued capital held by the Company	Principal activities and place of operation
Interest directly held:				
Gurnard Holdings Limited	The British Virgin Islands	2 ordinary shares of US$1 each	100%	Investment holding in Hong Kong
Elegant Sun Group Limited	The British Virgin Islands	1 ordinary share of US$1 each	100%	Investment holding in Hong Kong
Interest indirectly held:				
Aberdeen Maxicab Service Company Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Capital Star Holdings Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Fastlink Transportation Limited	Hong Kong	5 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Kit Kee Transport Company Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Sunning Transportation Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Superlong Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Southern District Motor Service Centre Limited	Hong Kong	300,000 ordinary shares of HK$1 each	100%	Provision of repair and maintenance services for PLBs in Hong Kong

20. INTEREST IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation	Particulars of issued capital	Percentage of issued capital held by the Company	Principal activities and place of operation
Interest indirectly held: (Continued)				
Tai Po (Fixed Route) Public Light Bus Co. Limited	Hong Kong	32,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Eastern International Transport Engineering Limited	Hong Kong	5 ordinary shares of HK$1 each	100%	Hiring of PLBs in Hong Kong
Global Win Transportation Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Hiring of PLBs in Hong Kong
Chinalink Express Holdings Limited	Hong Kong	35,000,000 ordinary shares of HK$1 each	80%	Investment holding in Hong Kong
Chinalink Bus Company Limited	Hong Kong	2 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and the PRC
Chinalink Travel Services Company Limited	Hong Kong	1,250,000 ordinary shares of HK$1 each	80%	Provision of travel agency services in Hong Kong
Faster Hong Kong Limousine Limited	Hong Kong	10,000 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and the PRC
Dalia Tour Agency Limited	Hong Kong	350,000 ordinary shares of HK$10 each	80%	Provision of passengers transportation services between Hong Kong and the PRC
Windsor Tour Agency Limited	Hong Kong	60,000 ordinary shares of HK$10 each	80%	Provision of passengers transportation services between Hong Kong and the PRC

20. INTEREST IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation	Particulars of issued capital	Percentage of issued capital held by the Company	Principal activities and place of operation
Interest indirectly held: (Continued)				
Fordway Development Limited	Hong Kong	5,000,000 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and the PRC
Chi Hung Travel Limited	Hong Kong	10 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and the PRC
Hong Kong Mei Sun Tours Company Limited	Hong Kong	500,000 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and the PRC
Chinalink Transport Group Limited	Hong Kong	100 ordinary shares of HK$1 each	80%	Investment holding in Hong Kong
Yuk Fai Bus Of Travel Limited	Hong Kong	10,000 ordinary shares of HK$1 each	80%	Hiring of cross-boundary public buses and quotas in Hong Kong and the PRC
Wai Lok Tours and Coach Company Limited	Hong Kong	10,000 ordinary shares of HK$1 each	80%	Hiring of cross-boundary public buses and quotas in Hong Kong and the PRC

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. INTEREST IN A JOINTLY CONTROLLED ENTITY/AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

	Group	
	2011	2010
	HK$'000	HK$'000
Non-current		
Share of net assets	**136**	135
Classified as assets held for sale (note 14(b))	**(136)**	–
	–	135
Current		
Amount due from a jointly controlled entity	**1,065**	1,133
Classified as assets held for sale (note 14(b))	**(1,065)**	–
	–	1,133

The amount due from a jointly controlled entity is unsecured, interest-free and repayable on demand. The carrying amount of the amount due approximates its fair value.

Details of the Group's interest in the jointly controlled entity which is an unlisted corporate entity, are as follows:

Name	Place of incorporation	Particulars of issued capital	Interest held by the Group 2011	Interest held by the Group 2010	Principal activity and place of operation
China-HongKong Express Limited	Hong Kong	455,000 ordinary shares of HK$1 each	**30.77%**	30.77%	Provision of passenger transportation services between Hong Kong and the PRC

The financial year end date of China-HongKong Express Limited is 31 December, accordingly the audited financial statements drawn up to 31 December 2010 of China-HongKong Express Limited has been used to consolidate into the Group's consolidated financial statements. Adjustments have been made for the effect of significant transactions that occurred between 1 January 2011 and 31 March 2011.

21. INTEREST IN A JOINTLY CONTROLLED ENTITY/AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY (Continued)

The Group's share of assets, liabilities and results of the jointly controlled entity are as follows:

	2011	2010
	HK$'000	HK$'000
Non-current assets	**33**	63
Current assets	**1,923**	1,797
Current liabilities	**(1,820)**	(1,725)
Net assets	**136**	135
Income	**3,729**	3,631
Expenses	**(3,728)**	(3,630)
Profit for the year	**1**	1

The Group has not incurred any contingent liabilities and other commitments relating to its jointly controlled entity.

22. TRADE AND OTHER RECEIVABLES

	Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables – gross	**1,332**	7,484
Less: provision for impairment	**–**	–
Trade receivables – net	**1,332**	7,484
Deposits, prepayments and other receivables	**4,491**	16,993
Deposit for acquisition of a subsidiary (note 41)	**32,000**	–
	37,823	24,477

The directors considered that the fair values of the trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Majority of the Group's turnover is attributable to 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 Group normally grants a credit term ranging from 0 to 30 days to other trade debtors.

22. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade receivables (net of provision for impairment), prepared in accordance with the invoice dates, is as follows:

	2011 HK$'000	2010 HK$'000
0 to 30 days	**956**	4,909
31 to 60 days	**194**	2,376
61 to 90 days	**35**	60
Over 90 days	**147**	139
	1,332	7,484

The movement in provision for impairment of trade receivables is as follows:

	2011 HK$'000	2010 HK$'000
At the beginning of the year	**–**	–
Addition	**4**	9
Written-off	**(4)**	(9)
At the end of the year	**–**	–

At each balance sheet date, the Group reviewed trade receivables for evidence of impairment on both individual and collective basis. Based on this assessment, impairment loss of HK$4,000 (2010: HK$9,000) has been recognised. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or due to delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on individual or collective basis.

22. TRADE AND OTHER RECEIVABLES (Continued)

The aging analysis of trade receivables (net of provision for impairment) that were past due at the balance sheet date but not impaired based on due dates, is as follows:

	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	**1,008**	1,060
0 to 30 days past due	**135**	3,849
31 to 60 days past due	**166**	2,376
61 to 90 days past due	**4**	60
Over 90 days past due	**19**	139
	324	6,424
	1,332	7,484

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

23. BANK BALANCES AND CASH

	Group		**Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**13,100**	33,707	**68**	31
Short-term bank deposits	**7,599**	4,545	**7,599**	4,021
	20,699	38,252	**7,667**	4,052

The effective interest rates on short-term bank deposits were in the range of 0.001% to 0.63% (2010: 0.001% to 0.81%). These deposits have an average maturity of 1 day to 26 days (2010: 1 day to 7 days).

The directors considered that the fair value of the short-term bank deposits is not materially different from its carrying amount because of the short maturity period on its inception.

23. BANK BALANCES AND CASH (Continued)

Included in bank balances and cash of the Group as at 31 March 2010 was HK$3,298,000 of bank balances denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

24. BORROWINGS

		Group	
	2011	2010	2009
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
		(note 3(ii))	(note 3(ii))
Non-current			
Bank loans, secured	**53,845**	23,434	24,994
Obligation under finance leases	**–**	1,189	650
	53,845	24,623	25,644
Current			
Bank overdrafts, secured	**–**	31	674
Bank loans, secured	**3,062**	26,093	27,405
Bank loans, unsecured	**–**	63,774	55,000
Obligation under finance leases	**–**	913	282
	3,062	90,811	83,361
Total borrowings	**56,907**	115,434	109,005

The carrying values of borrowings are considered to be a reasonable approximation of fair values.

24. BORROWINGS (Continued)

(a) Bank loans and overdrafts

As at 31 March 2011, the Group's bank loans and overdrafts were repayable as follows:

	2011	2010	2009
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
		(note 3(ii))	(note 3(ii))
Within one year	**3,062**	27,779	27,980
In the second year	**3,122**	1,597	1,561
In the third to fifth years	**9,721**	5,015	4,902
After the fifth year	**41,002**	16,822	18,531
	56,907	51,213	52,974
Carrying amount of bank loans that are not repayable within one year from the balance sheet date but contain a repayment on demand clause (shown under current liabilities)	**–**	62,119	55,099
	56,907	113,332	108,073
Less: Amounts shown under current liabilities	**(3,062)**	(89,898)	(83,079)
Amounts shown under non-current liabilities	**53,845**	23,434	24,994

The interest rates are principally on a floating rate basis and range from 1.43% to 2.25% (2010: 1.6% to 5.0%).

The bank loans and bank overdrafts are secured by certain assets of the Group (note 27).

(b) Obligation under finance leases

The analysis of the Group's obligation under finance leases is as follows:

	2011	2010	2009
	HK$'000	HK$'000	HK$'000
Total minimum lease payments			
Due within one year	**–**	1,061	327
Due in the second to fifth years	**–**	1,383	756
	–	2,444	1,083
Future finance charges	**–**	(342)	(151)
Present value of obligation under finance leases	**–**	2,102	932

24. BORROWINGS (Continued)

(b) Obligation under finance leases (Continued)

The present value of minimum lease payments is as follows:

	2011 HK$'000	2010 HK$'000	2009 HK$'000
Due within one year	–	913	282
Due in the second to fifth years	–	1,189	650
	–	2,102	932
Less: portion due within one year included under current liabilities	–	(913)	(282)
Portion due after one year included under non-current liabilities	–	1,189	650

The Group has entered into finance leases for public buses. As at 31 March 2010, the lease periods are for 4 to 5 years and interest rate under the finance leases is fixed ranging from 3.25% to 3.75% per annum.

The obligation under finance leases is effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default of repayment by the Group.

25. TRADE AND OTHER PAYABLES

	Group	
	2011 HK$'000	2010 HK$'000
Trade payables	**6,893**	10,630
Other payables and accruals	**10,274**	18,488
	17,167	29,118

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

	2011 HK$'000	2010 HK$'000
0 to 30 days	**6,893**	8,543
31 to 60 days	–	1,302
61 to 90 days	–	358
Over 90 days	–	427
	6,893	10,630

All amounts are short-term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair value.

26. OTHER FINANCIAL LIABILITY

	2011 HK$'000	2010 HK$'000
Other financial liability	**2,190**	2,190
Classified as liabilities directly associated with assets held for sale (note 14(c))	**(2,190)**	–
	–	2,190

According to a shareholders' agreement dated 9 January 2006 entered into between the Company and Mr. Chan Chung Yee, Alan ("Mr. Chan"), who beneficially owns 20% of the equity interest in Chinalink Express Holdings Limited, a non-wholly owned subsidiary of the Group, the Company has granted an option to Mr. Chan and pursuant to which Mr. Chan may exercise his right to purchase from the Group its 10% shareholding in Chinalink Express Holdings Limited within 10 years from the date of signing of the shareholders' agreement at a price of HK$15,000,000. Subsequent to the reporting date, the Company obtained from Mr. Chan a deed of waiver in respect of his waiving his option right as aforesaid at nil consideration on 27 April 2011.

The fair value of the option was valued by Vigers, using the Binomial Model.

27. BANKING FACILITIES

As at 31 March 2011, the Group had banking facilities totalling HK$192,996,000 (2010: HK$146,101,000) of which approximately HK$139,017,000 (2010: HK$113,301,000) were utilised. These facilities were secured by:

(i) pledges of certain property, plant and equipment of the Group with net book value of HK$4,591,000 (2010: HK$32,807,000) (note 17);

(ii) pledges of certain PLB licences with net book value of HK$104,300,000 (2010: HK$52,000,000) (note 18);

(iii) pledges of certain assets held for sale with carrying value of HK$65,677,000 (note 14(d));

(iv) guarantees provided by the Company (note 34) and a minority shareholder of a subsidiary (note 35); and

Apart from the assets and guarantees provided by the Group above, as at 31 March 2010, the banking facilities were also secured by floating charges on certain trade and other receivables with carrying value of HK$14,227,000, bank balances and cash with carrying value of HK$7,110,000 and other assets with carrying amount of HK$2,515,000.

28. SHARE CAPITAL

	2011		2010	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**227,500,000**	**22,750**	227,500,000	22,750

29. SHARE-BASED COMPENSATION

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 of the Company upon and subject to a maximum number of shares available for issue thereunder, which is 22,750,000, representing 10% of the issued shares of the Company as at the date of this annual report. The subscription price determined by the board of directors will be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's shares 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. All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than issuing the Company's ordinary shares.

Share options and weighted average exercise price are as follows for the reporting periods presented:

	2011		2010	
	Number of options	**Weighted average exercise price HK$**	Number of options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**14,250,000**	**1.55**	13,950,000	1.56
Granted	**300,000**	**1.58**	300,000	1.39
Lapsed	**(300,000)**	**1.57**	–	–
Outstanding at the end of the year	**14,250,000**	**1.55**	14,250,000	1.55
Exercisable at the end of the year	**14,250,000**	**1.55**	14,250,000	1.55

Notes:

(i) Share options were granted on 8 November 2004, 3 April 2007, 12 April 2007, 15 March 2010, 14 March 2011 and the closing price of shares immediately before the dates of grant was HK$1.56, HK$1.41, HK$1.41, HK$1.36 and HK$1.57 respectively. All options granted to directors were vested immediately on the date of grant.

(ii) 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.

(iii) The weighted average remaining contractual life at the balance sheet date is 4.0 years (2010: 4.8 years).

(iv) In total, HK$39,000 (2010: HK$34,000) of employee compensation expense has been included in the consolidated income statement for the year ended 31 March 2011, the corresponding amount of which has been credited to share options reserve.

29. SHARE-BASED COMPENSATION (Continued)

Notes: (Continued)

(v) 300,000 options were lapsed and no option was exercised or cancelled during the year.

(vi) On 14 March 2011, the Company granted 300,000 share options at an exercise price of HK$1.58 per share to a director at a consideration of HK$1.

The fair value of the options was determined using the Black-Scholes option pricing model. The following principal assumptions were used in the valuation:

Share price immediately before the date of grant	HK$1.57
Exercise price	HK$1.58
Annual risk-free interest rate	2.7%
Expected option life	10 years
Expected dividend yield	7.9%
Expected volatility	27.6%

The underlying expected volatility was determined by reference to historical data calculated based on expected life of share options.

30. RESERVES

Company

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2010	**47,779**	**96,678**	**601**	**51,298**	**196,356**
Share-based compensation (note 29)	**–**	**–**	**39**	**–**	**39**
Lapse of share options	**–**	**–**	**(9)**	**9**	**–**
Profit for the year (note 11)	**–**	**–**	**–**	**29,058**	**29,058**
2010 final dividends paid (note 12)	**–**	**–**	**–**	**(25,025)**	**(25,025)**
As at 31 March 2011	**47,779**	**96,678**	**631**	**55,340**	**200,428**
As at 1 April 2009	47,779	96,678	567	45,030	190,054
Share-based compensation (note 29)	–	–	34	–	34
Profit for the year (note 11)	–	–	–	29,018	29,018
2009 final dividends paid (note 12)	–	–	–	(22,750)	(22,750)
As at 31 March 2010	47,779	96,678	601	51,298	196,356

As at 31 March 2011, distributable reserves of the Company amounted to HK$199,797,000 (2010: HK$195,755,000).

31. DEFERRED TAX

The movement during the year in the deferred tax liabilities/(assets) is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**6,074**	4,848
Recognised in income statement	**900**	1,226
Classified as assets held for sale and liabilities directly associated with assets held for sale	**(6,870)**	–
At the end of the year	**104**	6,074

The movement in deferred tax liabilities/(assets) prior to offsetting of balances within the same taxation jurisdiction during the year is as follows:

	Group		
	Accelerated depreciation allowance	**Tax losses**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
As at 1 April 2010	**7,941**	**(1,867)**	**6,074**
Recognised in income statement	**1,599**	**(699)**	**900**
Classified as assets held for sale and liabilities directly associated with assets held for sale	**(9,432)**	**2,562**	**(6,870)**
As at 31 March 2011	**108**	**(4)**	**104**
As at 1 April 2009	6,046	(1,198)	4,848
Recognised in income statement	1,895	(669)	1,226
As at 31 March 2010	7,941	(1,867)	6,074

Represented by:

	2011	2010
	HK$'000	HK$'000
Deferred tax assets	**(26)**	(107)
Deferred tax liabilities	**130**	6,181
	104	6,074

31. DEFERRED TAX (Continued)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

As at 31 March 2011, the Group has not recognised deferred tax assets in respect of tax losses of the discontinued operation of HK$13,093,000. The unrecognised tax losses of approximately HK$7,838,000 and HK$3,040,000 are subject to expiry periods of five years and three years respectively from the year in which the tax losses arose under the current tax legislation. The remaining unrecognised tax losses of approximately HK$2,215,000 have no expiry date.

As at 31 March 2010, the Group has not recognised deferred tax assets in respect of tax losses of HK$15,504,000. The unrecognised tax losses of approximately HK$9,020,000 and HK$3,263,000 are subject to expiry periods of five years and three years respectively from the year in which the tax losses arose under the current tax legislation. The remaining unrecognised tax losses of approximately HK$3,221,000 have no expiry date.

32. OPERATING LEASE COMMITMENTS

As lessee

As at 31 March 2011, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

Continuing operation:

	PLBs	
	2011	2010
	HK$'000	HK$'000
Within one year	**4,616**	4,903

Discontinued operation:

	2011			2010		
	Buildings	**Public buses**	**Cross-boundary quotas**	Buildings	Public buses	Cross-boundary quotas
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Within one year	**3,545**	**160**	**3,879**	3,090	200	1,260
In the second to fifth years	**–**	**–**	**740**	2,580	–	1,948
	3,545	**160**	**4,619**	5,670	200	3,208

32. OPERATING LEASE COMMITMENTS (Continued)

As lessor

As at 31 March 2011, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

Continuing operation:

	Advertising income	
	2011	2010
	HK$'000	HK$'000
Within one year	**185**	443
In the second to fifth years	**–**	185
	185	628

Discontinud operation:

	Public buses	
	2011	2010
	HK$'000	HK$'000
Within one year	**281**	428
In the second to fifth years	**174**	–
	455	428

33. CAPITAL COMMITMENT

As at 31 March 2011, the Group had the following capital commitment:

	Group	
	2011	2010
	HK$'000	HK$'000
Contracted but not provided for in respect of property, plant and equipment		
– Continuing operation	**1,889**	81
– Discontinued operation	**7,495**	28,863
	9,384	28,944

34. FINANCIAL GUARANTEE CONTRACTS

As at 31 March 2011, the Company had executed corporate guarantees to secure general banking facilities granted to the subsidiaries which amounted to HK$234,510,000 (2010: HK$192,510,000). Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the balance sheet date, the outstanding balance of the bank loans was HK$135,069,000 (2010: HK$108,198,000) and this represents the Company's maximum exposure under the guarantee contract. No provision for the Company's obligation under the financial guarantee contract has been made as the directors considered that it was not probable that the repayment of loan would be in default.

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, during the year, the Group had the following significant transactions with its related parties:

(a) Key management compensation

	2011	2010
	HK$'000	HK$'000
Fees	**1,031**	1,020
Salaries, allowances and benefits in kind	**7,951**	7,539
Bonuses	**3,913**	3,294
Contribution to defined contribution plans	**112**	112
Share-based compensation	**39**	34
	13,046	11,999

(b) Sales and purchase of services

	2011	2010
	HK$'000	HK$'000
Repair and maintenance service income received (note (i))	**171**	126
Agency fee income received (note (i))	**2,326**	2,311
Management fee income received (note (i))	**555**	759
PLB hire charges paid (note (i))	**53,038**	54,588
Compensation for loss of PLBs paid (note (i))	**20**	172
Rental and administrative service expense paid (note (ii))	**140**	140
Quota charges paid (note (ii))	**156**	153
System development services fee paid and its additional services provided thereafter (note (i))	**427**	370

35. RELATED PARTY TRANSACTIONS (Continued)

(c) During the year, the Group entered into another system development contracts with a related company (note (i)) of approximately HK$577,000 (2010: HK$636,000), of which approximately HK$240,000 (2010: HK$389,000) has been included in capital commitment (note 33).

(d) As at 31 March 2011, the amount of guarantee provided for securing banking facilities by a minority shareholder of a subsidiary was HK$28,910,000 (2010: HK$28,310,000).

Notes:

(i) All 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 Group, are the directors and major shareholders.

(ii) The director of the related company is also a director of a subsidiary of the Company.

36. CASH GENERATED FROM OPERATIONS

	2011	2010
	HK$'000	HK$'000
Operating profit from continuing operation	**36,120**	47,717
Operating profit from discontinued operation	**6,360**	14,535
Adjustment for:		
Depreciation of property, plant and equipment	**13,656**	11,817
Reversal of deficit on revaluation of a PLB licence	**(80)**	(810)
Change in fair value of other financial liability	**–**	(2,460)
Provision for impairment of trade receivables	**11**	9
Rental income of cross-boundary quota	**–**	(573)
Share-based compensation	**39**	34
Interest income	**(31)**	(40)
Net gain on disposal of property, plant and equipment	**(13)**	(12)
Operating profit before changes in working capital	**56,062**	70,217
Changes in working capital:		
Trade and other receivables	**(3,437)**	(5,552)
Amount due from a jointly controlled entity	**68**	119
Trade and other payables	**2,653**	4,621
Deferred income	**1,327**	829
Cash generated from operations	**56,673**	70,234

37. 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 passengers transportation services between Hong Kong and the PRC.

Wai Lok contributed no revenue but net profit of HK$112,000 to the Group for the period from 31 August 2009 to 31 March 2010.

If the acquisition had occurred on 1 April 2009, the Group's revenue and net profit for the year ended 31 March 2010 would have been HK$439,659,000 and HK$49,017,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor intended to be a projection of future results.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration:	
– cash paid	**3,400**
– direct costs relating to the acquisition	**28**
Total purchase consideration	**3,428**
Fair value of net assets acquired	**(281)**
Goodwill (note 19)	**3,147**

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

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

	Acquiree's carrying amount HK$'000	Fair value HK$'000
Property, plant and equipment	**757**	**2,400**
Borrowings	**(1,949)**	**(1,949)**
Trade and other payables	**(170)**	**(170)**
Net (liabilities)/assets acquired	**(1,362)**	**281**
Purchase consideration settled in cash		**3,428**
Bank balances and cash of the subsidiary acquired		**–**
Cash outflow on acquisition of subsidiary		**3,428**

38. COMPARATIVE FIGURES

As a result of the application of HKAS 17 (amendment) "Leases" and HK-Int 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause", certain comparative figures have been adjusted and reclassified.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group actively and regularly reviews and manages its financial risk and takes actions to mitigate such risk.

The Group's financial instruments comprise trade and other receivables, amount due from a jointly controlled entity, bank balances and cash, borrowings, trade and other payables and other financial liability. The Group has not used any derivatives and other instruments for hedging purposes. The Group also did not hold or issue any derivative financial instruments for trading purposes.

The main risks arising from the Group's financial instruments are foreign exchange risk, price risk, liquidity risk, interest rate risk and credit risk. The Group adopts conservative strategies on its risk management and seeks to limit the Group's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks.

39.1 Categories of financial assets and liabilities

(i) Financial assets

	Group	
	2011	2010
	HK$'000	HK$'000
Loans and receivables:		
Trade and other receivables	**3,807**	17,807
Amount due from a jointly controlled entity	**–**	1,133
Bank balances and cash	**20,699**	38,252
	24,506	57,192
Classified under assets held for sale:		
Loans and receivables:		
Trade and other receivables	**14,540**	–
Amount due from a jointly controlled entity	**1,065**	–
Bank balances and cash	**8,892**	–
	24,497	–
	49,003	57,192

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

39.1 Categories of financial assets and liabilities (Continued)

(i) Financial assets (Continued)

	Company	
	2011	2010
	HK$'000	HK$'000
Loans and receivables:		
Amounts due from subsidiaries	**231,446**	202,051
Bank balances and cash	**7,667**	4,052
	239,113	206,103

(ii) Financial liabilities

	Group	
	2011	2010
	HK$'000	HK$'000
At amortised cost:		
Borrowings	**56,907**	115,434
Trade and other payables	**17,167**	29,118
	74,074	144,552
At fair value through profit or loss:		
Other financial liability	**–**	2,190
	74,074	146,742
Classified under liabilities directly associated with assets held for sale:		
At amortised cost:		
Borrowings	**82,280**	–
Trade and other payables	**15,074**	–
	97,354	–
At fair value through profit or loss:		
Other financial liability	**2,190**	–
	99,544	–

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS
(Continued)

39.1 Categories of financial assets and liabilities (Continued)

(ii) Financial liabilities (Continued)

	Company	
	2011	2010
	HK$'000	HK$'000
At amortised cost:		
Bank overdrafts	**–**	31
Amounts due to subsidiaries	**160,060**	131,067
Other payables	**163**	221
	160,223	131,319

39.2 Foreign exchange risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The management considers that the Group is not exposed to significant foreign exchange risk as the majority of transactions, monetary assets and liabilities are denominated in the functional currency of the relevant group entities. Accordingly, no foreign currency risk sensitivity analysis is presented.

39.3 Price risk

The Group is exposed to fuel price risk. As at 31 March 2011, the Group did not have any hedging policies over its anticipated fuel consumption. The management continues to closely monitor the changes in market condition.

39.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities.

The Group's prudent policy is to regularly monitor its current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short term and longer term.

Analysed below is the Group's and Company's remaining contractual maturities for its non-derivative and derivative financial liabilities as at balance sheet date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when the Group is required to pay. Where settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

39.4 Liquidity risk (Continued)

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Group					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
2011						
Non-derivative financial liabilities:						
Borrowings	**56,907**	**65,412**	**4,045**	**4,045**	**12,133**	**45,189**
Trade and other payables	**17,167**	**17,167**	**17,167**	**–**	**–**	**–**
	74,074	**82,579**	**21,212**	**4,045**	**12,133**	**45,189**
Classified under liabilities directly associated with assets held for sale:						
Non-derivative financial liabilities:						
Borrowings	**82,280**	**84,698**	**84,698**	**–**	**–**	**–**
Trade and other payables	**15,074**	**15,074**	**15,074**	**–**	**–**	**–**
	97,354	**99,772**	**99,772**	**–**	**–**	**–**
Derivative financial liabilities:						
Other financial liability (note (i))	**2,190**	**–**	**–**	**–**	**–**	**–**
2010						
Non-derivative financial liabilities:						
Borrowings	115,434	123,822	95,376	2,943	6,913	18,590
Trade and other payables	29,118	29,118	29,118	–	–	–
	144,552	152,940	124,494	2,943	6,913	18,590
Derivative financial liabilities:						
Other financial liability (note (i))	2,190	–	–	–	–	–

Note:

(i) There is no contractual undiscounted cash flow for other financial liability.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

39.4 Liquidity risk (Continued)

	Company					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
2011						
Non-derivative financial liabilities:						
Amounts due to subsidiaries	**160,060**	**160,060**	**160,060**	**–**	**–**	**–**
Other payables	**163**	**163**	**163**	**–**	**–**	**–**
	160,223	**160,223**	**160,223**	**–**	**–**	**–**
2010						
Non-derivative financial liabilities:						
Bank overdrafts	31	31	31	–	–	–
Amounts due to subsidiaries	131,067	131,067	131,067	–	–	–
Other payables	221	221	221	–	–	–
	131,319	131,319	131,319	–	–	–

39.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from its borrowings. The Group's bank borrowings were committed on floating rate basis and were denominated in Hong Kong dollars.

The change in interest rate will affect the loan interest expenses of the Group. It is estimated that a decrease/increase of 1% (2010: 1%) in interest rate, with all other variables remaining constant, the Group's consolidated equity and profit after tax would increase/decrease by approximately HK$1,117,000 (2010: HK$956,000). The 1% increase or decrease represents the reasonable possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for 2010.

The Group currently does not have an interest rate hedging policy. However, the management monitors the Group's interest rate exposure and will consider hedging significant interest exposure should the need arise.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

39.6 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the balance sheet date as summarised in note 39.1(i) above.

The credit risk for bank balances and deposits is considered negligible as the counterparties are reputable banks.

The Group has no significant concentrations of credit risk because of its diverse customer base. The income receipt of the franchised PLB operation of the Group is on cash basis or collected by Octopus Cards Limited and remitted to the Group on the next business day, thus, the operation does not have any significant credit risk.

For the cross-boundary public bus business, the income is mainly received on credit basis. The Group normally grants a credit term ranging from 0 to 30 days to customers and the debt collection progress is monitored on an ongoing basis. Since the Group has implemented stringent credit control policy and the customer base is rather diverse, the Group has no significant credit risk on cross-boundary public bus business.

39.7 Fair value measurements recognised in the balance sheet

The following table presents financial liabilities measured at fair value in the balance sheet in accordance with the fair value hierarchy. The hierarchy groups financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

39.7 Fair value measurements recognised in the balance sheet (Continued)

The financial liabilities measured at fair value in the balance sheet are grouped into the fair value hierarchy as follows:

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Other financial liability	–	–	2,190	2,190

The Group's financial liabilities classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data. The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**2,190**	4,650
Change in fair value recognised in income statement	**–**	(2,460)
Classified as liabilities directly associated with assets held for sale (note 14(c))	**(2,190)**	–
At the end of the year	**–**	2,190

40. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern; and to provide an adequate return for shareholders by pricing services commensurate with the level of risks.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

40. CAPITAL MANAGEMENT (Continued)

The Group monitors capital structure on the basis of the net debt-to-equity ratio. This ratio is calculated as net debts (total interest-bearing debts net of cash and cash equivalents) over total equity excluding non-controlling interests.

The Group's capital management strategy is to maintain the net debt-to-equity ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure the Group has a reasonable level of capital to support its business. The Group relies on internal resources and interest-bearing borrowings to finance the capital expenditures for the acquisition of PLBs and public buses, which is the same as prior years.

The net debt-to-equity ratio of the Group at the balance sheet date is calculated as follows:

	2011 **HK$'000**	2010 HK$'000 (Restated)
Short term borrowings	**3,062**	90,811
Long term borrowings	**53,845**	24,623
	56,907	115,434
Bank balances and cash	**(20,699)**	(38,252)
Net debts	**36,208**	77,182
Total equity excluding non-controlling interests	**303,003**	275,272
Net debt-to-equity ratio	**12%**	28%

Following the disposal of the cross-boundary public bus operation, the Group will focus on the operation of green minibus transportation service in Hong Kong. The net proceeds of the disposal amounting to around HK$299,300,000 will be used to repay Elegant Sun's outstanding bank loans, and the remaining balance will be set aside to finance future projects in public light bus operations for a better return to shareholders and to serve as general working capital of the Group.

41. EVENTS AFTER THE REPORTING DATE

(a) On 18 February 2011, the Group entered into a sale and purchase agreement with Mr. Ma Kiu Sang, Mr. Ma Kiu Mo and Mr. Ma Kiu Man, Vince to acquire 100% equity interest and the shareholders' loan in Hong Kong Maxicab Limited; a company principally engaged in the provision of PLB transportation services in Hong Kong, at a consideration of HK$32,000,000. The acquisition was completed on 1 April 2011.

Details of the identified assets and liabilities acquired, extracted from the unaudited financial statements of Hong Kong Maxicab Limited, and the goodwill arising from the acquisition are set out below:

	Carrying value and fair value HK$'000
Net assets acquired	
Property, plant and equipment	**2**
Trade and other receivables	**97**
Bank balances and cash	**1,138**
Trade and other payables	**(1,224)**
	13
Goodwill	**31,987**
Total purchase consideration	**32,000**

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisition of Hong Kong Maxicab Limited.

(b) On 27 April 2011, the Company disposed its 100% equity interest in Elegant Sun Group Limited and its subsidiaries to Trans-Island Limousine Service Limited, a wholly owned subsidiary of Kwoon Chung Bus Holdings Limited, at a consideration of HK$300,000,000.

Group Financial Summary

The following is a summary of the audited financial statements of the Group for the respective years as hereunder stated.

Results

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK'000	HK'000	HK'000	HK'000	HK'000
CONTINUING OPERATION:					
Turnover	**305,225**	302,754	297,545	290,358	279,985
Direct costs	**(244,998)**	(234,265)	(241,507)	(229,766)	(222,332)
Gross profit	**60,227**	68,489	56,038	60,592	57,653
Other revenue	**5,612**	6,128	4,667	5,410	4,865
Other net income/(loss)	**336**	1,006	(618)	449	221
Administrative expenses	**(28,995)**	(26,810)	(26,404)	(27,945)	(27,238)
Other operating expenses	**(1,060)**	(1,096)	(1,388)	(1,111)	(1,269)
Operating profit	**36,120**	47,717	32,295	37,395	34,232
Finance costs	**(618)**	(592)	(676)	(1,327)	(1,633)
Profit before income tax	**35,502**	47,125	31,619	36,068	32,599
Income tax expense	**(6,014)**	(7,683)	(5,158)	(6,183)	(5,698)
Profit for the year from continuing operation	**29,488**	39,442	26,461	29,885	26,901
DISCONTINUED OPERATION:					
Profit for the year from discontinued operation	**2,854**	9,985	16,304	9,605	8,722
Profit for the year	**32,342**	49,427	42,765	39,490	35,623
Attributable to:					
Equity holders of the Company	**31,836**	47,766	39,164	37,067	33,436
Non-controlling interests	**506**	1,661	3,601	2,423	2,187
Profit for the year	**32,342**	49,427	42,765	39,490	35,623

Assets, liabilities and non-controlling interests

	As at 31 March				
	2011	2010	2009	2008	2007
	HK'000	HK'000	HK'000	HK'000	HK'000
Total assets	**510,613**	455,901	414,033	416,537	412,348
Total liabilities	**187,195**	160,898	162,751	169,733	186,345
Non-controlling interests	**20,415**	19,731	18,070	15,309	13,411

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