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

Incorporated in the Cayman Islands with limited liability

(Stock Code : 77)

2018/19
ANNUAL REPORT

CONTENTS

Board of Directors
Mr. Wong Ling Sun, Vincent *Chairman*
Ms. Ng Sui Chun
Mr. Chan Man Chun *Chief Executive Officer*
Ms. Wong Wai Sum, Maya
Ms. Wong Wai Man, Vivian*
Dr. Lee Peng Fei, Allen**
Dr. Chan Yuen Tak Fai, Dorothy**
Mr. Kwong Ki Chi**

* *Non-Executive Director*
** *Independent Non-Executive Directors*

Authorised Representatives
Mr. Wong Ling Sun, Vincent
Mr. Chan Man Chun

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

Company Secretary
Ms. Wong Ka Yan

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Union Registrars Limited
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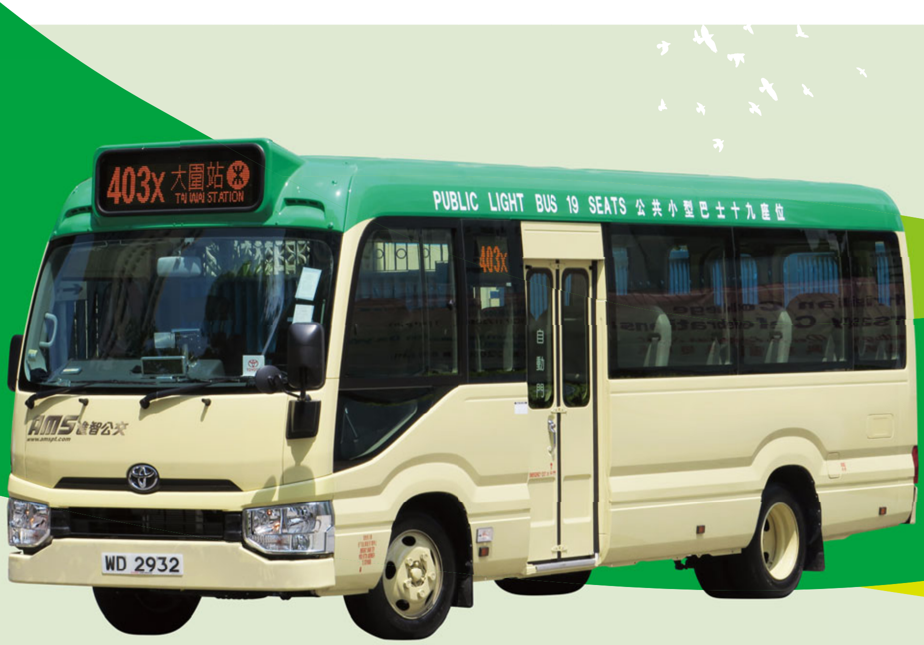
North Point, Hong Kong

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

Auditors
Grant Thornton Hong Kong Limited
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"), also commonly known as green minibus, transportation services in Hong Kong.

With over 44 years of experience in the local franchised PLB transportation sector, the Group is one of the leading franchised PLB operators in Hong Kong. Over the years, riding on its expertise, the Group continuously improves its routes and services and grows alongside with Hong Kong's transportation network development. Currently, the Group operates 69 franchised PLB routes with 357 PLBs and five residents' bus routes with eight public buses. To enhance sitting comfort for passengers, the Group's fleet is well-equipped with environmentally friendly PLBs and state-of-the-art facilities. In January 2018, the Group launched the first lower-floor wheelchair accessible PLB in Hong Kong in order to facilitate the access of wheelchair users to PLB service. Since January 2019, the Group joins hands with Alipay HK to offer Hong Kong's first-ever mobile payment method for minibus. Passengers can pay minibus fares by their mobile phones.

The Group is committed to passenger safety in all aspects of its operations. Since 2011, the Group has been awarded the ISO 9001:2008 (and subsequently upgraded to ISO 9001: 2015 since 2017) quality management system certification for its computerised repair and maintenance centres, making it the first franchised PLB operator in the Hong Kong to gain such a prestigious quality accreditation.

Financial Highlights	Unit	Year ended 31 March 2019	2018	Change
Financial results				
Revenue	HK$'000	**392,924**	383,797	+2.4%
Profit for the year excluding deficit on revaluation of PLB licences	HK$'000	**28,235**	15,897	+77.6%
Deficit on revaluation of PLB licences charged to consolidated income statement	HK$'000	**71,493**	45,200	+58.2%
Loss attributable to equity holders of the Company	HK$'000	**43,258**	29,303	+47.6%
Loss per share	HK cents	**15.91**	10.79	+47.5%
Proposed special dividend per ordinary share[1]	HK cents	**8.0**	5.0	+60.0%
Profit margin (loss attributable to equity holders/revenue)		**-11.0%**	–7.6%	
Return on equity (loss attributable to equity holders/shareholders' equity)		**-33.8%**	–15.5%	

		As at 31 March 2019	2018	
Financial position				
Borrowings	HK$'000	**149,667**	159,444	-6.1%
Shareholders' equity	HK$'000	**128,120**	189,381	-32.3%
Liquidity ratio (current assets/current liabilities)	Times	**0.71**	1.18	
Gearing ratio (total liabilities/shareholders' equity)		**145.6%**	101.7%	

Operating Highlights	Unit	Year ended 31 March 2019	2018	Change
Number of PLBs in service as at year end		**358**	363	-1.4%
Number of public buses in service as at year end		**8**	6	+33.3%
Number of franchised PLB routes as at year end		**70**	69	+1.4%
Number of residents' bus routes as at year end		**5**	4	+25.0%
Number of passengers carried	million	**60.1**	59.7	+0.7%
Number of journeys traveled	million	**4.38**	4.42	-0.9%
– percentage of the journeys traveled surpassing the total number of scheduled journeys required by the Transport Department		**27.5%**	32.3%	-4.8pp[3]
Total mileage operated	million kilometers	**41.1**	41.4	-0.7%
Average fleet age as at year end	years	**8.2**	9.1	-9.9%
Average accident rate[2]	per million km	**2.7**	2.8	-3.6%

Notes:

1. No interim dividend and final dividend was declared for the years ended 31 March 2018 and 2019.
2. The figures refer to accidents involving injury or death.
3. pp stands for percentage point.

Wong Ling Sun, Vincent
Chairman

On behalf of the Board of Directors of the Company (the "Board"), I hereby present to you the results of the Group for the year ended 31 March 2019.

RESULTS FOR THE YEAR

Owing to fare increases, reductions in Public Light Bus ("PLB") rental expenses and repair and maintenance ("R&M") costs, the Group recorded a profit before deficit on revaluation of PLB licences of HK$28,235,000 for the year ended 31 March 2019 (2018: HK$15,897,000), representing a significant increase of HK$12,338,000 or 77.6% as compared with last year. Nevertheless, the continuous drop in market value of PLB licences resulted in the increase in non-cash deficit on revaluation of PLB licences for the year to HK$71,493,000 (2018: HK$45,200,000). As a result, the Group recorded a loss attributable to equity holders for the year amounting to HK$43,258,000 (2018: HK$29,303,000).

DIVIDENDS

Basic loss per share for the year was HK15.91 cents (2018: HK10.79 cents). Having carefully considered the factors listed in the Company's dividend policy, which include but not limited to the financial performance and the future cashflows of the Group under the current business environment, the Board recommended a special dividend of HK8.0 cents per ordinary share (2018: HK5.00 cents per ordinary share), totaling HK$21,753,000 for the year ended 31 March 2019 (2018: HK$13,596,000). No final dividend was declared by the Board for the years ended 31 March 2018 and 2019.

FINANCIAL AND BUSINESS REVIEW

The franchised PLB service is the third most popular mode of public transport (in terms of number of passenger journeys) in Hong Kong. The role of franchised PLBs is to provide supplementary feeder service to railways and to serve areas where the use of high-capacity transport is not cost effective. In recent years, the MTR network has been more extensive since the South Island Line and the extension of Kwun Tong Line and West Island Line came into service. Since then, the business environment of the minibus industry has become more challenging as some districts now have direct access to the MTR, causing some minibus routes losing their roles as feeder service providers. Nevertheless, the Group sees it as an opportunity and is using its best endeavours to re-organise its services to meet changing demands in the communities.

In the past few years, the Group has put tremendous effort in route re-organisations involving launching new express feeder routes and re-allocating resources to optimise the utilisation of fleet in the Western and Southern Districts on Hong Kong Island. Thanks to the Group's team of management expertise, the Group can still maintain growth in the number of passengers despite such a big challenge brought by the new MTR network. During the year ended 31 March 2019, the Group continued to improve its services by carrying out route re-organisations on seven franchised PLB routes and one residents' bus route. As at 31 March 2019, the number of PLB routes and residents' bus routes operated by the Group increased to 70 (2018: 69) and 5 (2018: 4) respectively.

In order to boost the fleet's efficiency during peak hours and meet the public's expectations, the Group further replaced 16-seat PLBs with 19-seat PLBs during the year. Up to 31 March 2019, the Group deployed 146 19-seat PLBs (2018: 55), representing around 41% of the Group's PLB fleet (2018: 15%). Although the PLB fleet size was reduced by five to 358 as at 31 March 2019 (2018: 363), the increased use of 19-seat PLBs in fact enhanced the total seating capacity of the PLB fleet for the year by approximately 3.9%. Coupled with the fare rise in 34 routes, the revenue for the year grew by HK$9,127,000 or 2.4% to HK$392,924,000 (2018: HK$383,797,000).

The replacement of aged PLBs with new 19-seat PLBs effectively reduced the average fleet age to 8.2 years as at 31 March 2019 (2018: 9.1 years). In addition to promoting comfort of passengers by using new vehicles, better mechanical reliability of the new vehicles reduced the disruption to services and R&M costs decreased accordingly by around 10.2% for the year under review as compared with last year. The reduction in R&M costs and PLB hiring rates (which came into effective on 1 October 2017) outweighed the increase in fuel costs and thus direct costs for the year slightly decreased by HK$3,381,000 or 1.0% to HK$324,526,000 (2018: HK$327,907,000) as compared with last year. As a result, coupled with the growth in revenue, the profit of the Group for the year, excluding the non-cash deficit on revaluation of PLB licences, significantly increased by HK$12,338,000 or 77.6% to HK$28,235,000 (2018: HK$15,897,000).

Due to the further drop in market price of PLB licences, the Group recorded a significant deficit on revaluation of PLB licences amounting to HK$71,493,000 (2018: HK$45,200,000) for the year. The decline in value of PLB licences, to certain extent, reflected the difficulties faced by the minibus industry. Apart from the competition from other public transport as mentioned above, the industry also struggles with shortage and aging of minibus captains. Nevertheless, instead of holding for investment purpose, all the PLB licences owned by the Group are for operational use. Hence, the volatility of the market value of PLB licences and the non-cash revaluation deficit has no significant impact on the Group's core operation. The Group will continue to try its utmost to improve its services and cost structure, so as to maximise the returns for its shareholders.

PROSPECTS

The China-US trade war and the weakened global economy pose higher level of uncertainty on Hong Kong's economic outlook. Nevertheless, since franchised PLB service is a kind of necessity to the general public in Hong Kong, we anticipate our passengers demands will remain stable. The main challenge to the franchised PLB operations in the short run still rests on high operating costs. Looking ahead, the Group will continue to improve operational efficiency and meet passengers' demands by carrying out route restructuring, reviewing the fleet size and upgrading its fleet with new 19-seat PLBs. Riding on the good relationship with the local communities, the management will monitor the traffic development in the vicinity and react promptly to meet passengers' demands. The Group has already submitted certain route restructuring plans to the Transport Department in the hope of improving the performance of some low-demand PLB routes. The management is confident that the resources of the Group could be utilised in a more efficient way if such rationalisation plans are implemented.

Joining hands with Alipay Payment Services (HK) Limited ("AlipayHK"), the Group has rolled out the first mobile payment tool for public transport in Hong Kong since January 2019. Now the AlipayHK mobile payment is available in routes running in Aberdeen area and it will be extended to all other routes of the Group in the coming financial year. The Group also continues to increase the price attractiveness by offering inter-company interchange concession schemes to passengers together with the MTR and The Kowloon Motor Bus Co. (1933) Limited. As for the fleet upgrade, the Group aims at further replacing around 66 aged PLBs with 19-seat PLBs before the end of 2019. The management believes passengers will enjoy reliable and comfortable journeys in our new PLBs.

The management anticipates major operating costs like fuel costs and staff costs will keep at a high level in the foreseeable future. To tackle the challenges of inflating costs, the Group will optimise operating costs internally by adjusting the fleet size and rationalising the routes and the service schedules after due evaluation of passengers' demands. Also, the management would closely monitor the market conditions and negotiate with fuel suppliers for further concession. Despite all these, the Group will continue to submit fare rise applications to the Transport Department as appropriate. In the long-run, the management would closely monitor the future railway and population development in Hong Kong and formulate long-term strategies to diversify its business portfolio.

APPRECIATION

Last but not the least, on behalf of the Board, I would like to take this opportunity to express my greatest gratitude to our passengers, business partners, associates as well as our shareholders for their continuous support to and confidence in the Group. Lastly, my heartfelt appreciation must also be extended to my fellow Directors and our employees for their invaluable dedication to the Group in the past years.

Wong Ling Sun, Vincent
Chairman
Hong Kong, 27 June 2019

AMS's objective is to propel the Group into a prominent market position by providing the public with reliable, safe and comfortable journeys, and hence maximising stakeholders' value. The Group endeavors to achieve its objective by maintaining a team of management expertise which puts continuous effort in improving fleet productivity, efficiency and service quality, and carrying out stringent repair and maintenance programmes for the sake of safety.

REVIEW OF OPERATION

- During the year, the Group completed a series of route re-organisations involving seven franchised PLB routes and one residents' bus route. The focus of the route re-organisations of the year was to optimise the fleet size and frequency of PLB passenger services and introduce new depots and ancillary routes to satisfy passengers' needs. As a result of re-organisations, the number of PLB routes operated by the Group increased to 70 (2018: 69) and the number of PLBs operated by the Group reduced by five to 358 as at 31 March 2019 (2018: 363). The number of residents' bus routes increased to 5 (2018: 4) and the number of residents' bus also increased to 8 (2018: 6).

- In order to boost the fleet's efficiency during peak hours and meet the public's expectations, the Group has been making its best efforts to deploy 19-seat PLBs by replacing aged 16-seat PLBs and retrofitting 16-seat PLBs since the amendment of the relevant laws, allowing an increase of the maximum passenger seating capacity of minibus from 16 to 19, came into effect on 7 July 2017. As at 31 March 2019, the Group deployed 146 19-seat PLBs (2018: 55), representing around 41% of the Group's PLB fleet (2018: 15%). In the meantime, the Group continued to use its best endeavors to meet passengers' demands and to improve its operational efficiency. Although the overall fleet size was reduced, the increased use of 19-seat PLBs in fact enhanced the average seating capacity of the PLB fleet for the year by approximately 3.9%.

- The total mileage travelled for the year slightly decreased by 0.7% to approximately 41.1 million kilometers (2018: 41.4 million kilometers), which was mainly attributable to the minor adjustments to service frequency of seven routes operating in the Southern District.

- To ease the pressure from high fuel costs and staff costs, the Group continued to submit fare increase applications and was granted approval to raise the fares in 34 routes at rates ranging from 2.4% to 14.3% (2018: 6 routes at an average rate of around 9.2%). Although the average fleet size reduced by around 0.4%, riding on the fast and frequent services of the short-haul MTR feeder routes and the increased seating capacity, the patronage of the Group for the year increased by 0.7% to 60,100,000 (2018: 59,700,000) as compared with last year. As a result, the revenue for the year grew by HK$9,127,000 or 2.4% to HK$392,924,000 (2018: HK$383,797,000).

- For the sake of comfort of passengers and operational efficiency, the Group replaced 49 aged PLBs with brand new 19-seat long-wheeled PLBs during the year (2018: 36 aged PLBs). Hence, the average fleet age was reduced to 8.2 years as at 31 March 2019 (2018: 9.1 years). Apart from deploying brand-new 19-seat long-wheeled PLBs, the Group also retrofitted 42 16-seat PLBs to 19-seat PLBs during the year (2018: 33). Hence, the Group deployed 146 19-seat PLBs (2018: 55) as at 31 March 2019. The Group aims at further replacing around 66 aged PLBs with 19-seat PLBs before the end of 2019.

FINANCIAL REVIEW

Consolidated results for the year

For the year ended 31 March 2019, the Group recorded a loss attributable to equity holders of HK$43,258,000 (2018: HK$29,303,000). Excluding the non-cash deficit on revaluation of PLB licences, the profit of the Group for the year increased by HK$12,338,000 or 77.6% to HK$28,235,000 (2018: HK$15,897,000) owing to the growth of revenue and the reduced PLB rental rates and R&M costs.

The details of the consolidated results are presented below:

	Year ended 31 March			
	2019 HK$'000	2018 HK$'000	Increase/ (Decrease) HK$'000	In %
Revenue	**392,924**	383,797	9,127	+2.4%
Other revenue	**8,454**	7,489	965	+12.9%
Other net income/(expense)	**141**	(143)	284	+198.6%
Direct costs	**(324,526)**	(327,907)	(3,381)	-1.0%
Administrative expenses	**(40,065)**	(39,675)	390	+1.0%
Other operating expenses	**(1,048)**	(1,615)	(567)	-35.1%
Finance costs	**(3,478)**	(3,155)	323	+10.2%
Share of results of a joint venture	**747**	–	747	N/A
Income tax expense	**(4,914)**	(2,894)	2,020	+69.8%
Profit for the year before deficit on revaluation of PLB licences	**28,235**	15,897	12,338	+77.6%
Deficit on revaluation of PLB licences	**(71,493)**	(45,200)	26,293	+58.2%
Loss for the year	**(43,258)**	(29,303)	13,955	+47.6%

- Revenue for the year grew by HK$9,127,000 or 2.4% to HK$392,924,000 (2018: HK$383,797,000), which was mainly attributable to the fare increase, growth in patronage of MTR feeder routes and increased seating capacity.

- Other revenue for the year jumped by HK$965,000 or 12.9% to HK$8,454,000 (2018: HK$7,489,000) as compared with last year due to the increase in ex-gratia payments received from the Government of the HKSAR upon the disposal of pre-Euro IV diesel commercial vehicles. The Group disposed of ten pre-Euro IV diesel commercial vehicles during the year (2018: four) and the amount of ex-gratia payments receivable from the Government of the HKSAR was HK$1,548,000 (2018: HK$604,000).

- Direct costs for the year was HK$324,526,000 (2018: HK$327,907,000), representing a slight decrease of HK$3,381,000 or 1.0% as compared with that for last year. The major direct costs of the Group were captains' costs, PLB rental expenses, fuel costs and R&M costs, which altogether made up to around 94.3% of the total direct costs (2018: 94.4%) for the year ended 31 March 2019. The changes on these major costs are as follows:

  – Fuel costs: With the increase in international fuel prices, the average diesel and Liquefied Petroleum Gas ("LPG") unit prices increased by around 18.9% and 6.1% respectively as compared with last year. As a result, fuel costs for the year increased by HK$4,353,000 or 8.7% to HK$54,162,000 (2018: HK$49,809,000). After taking into account of lower R&M costs and lesser emissions of air pollutants, the Group prefers to use LPG minibuses. As at 31 March 2019, the Group's PLB fleet consisted of 118 diesel minibuses (2018: 160) and 240 LPG minibuses (2018: 203);

  – PLB rental expenses: PLB rental expenses for the year decreased by HK$3,916,000 or 5.3% to HK$69,523,000 (2018: HK$73,439,000), which was mainly attributable to the reduction in PLB hiring rates payable to the connected parties by 3.8% to 10.3% with effect from 1 October 2017 and the slight decrease in the average number of leased PLBs for the year to 293.8 (2018: 297);

  – R&M costs: With the Group's continuous efforts in upgrading the fleet by replacing aged vehicles, the average fleet age further went down to 8.2 years as at 31 March 2019 (2018: 9.1 years). The younger fleet effectively reduced the R&M costs and downtime. The R&M costs of the Group for the year was HK$28,008,000, representing a decrease of around HK$3,180,000 or 10.2% as compared with last year (2018: HK$31,188,000); and

  – Captains' costs: The Group continued to attract and retain captains by improving their remunerations through pay rise and introducing various allowances. The Group increased the captains' pay by around 4.8% on average in late November 2018. Nevertheless, with the reduced average fleet size and lesser provision for long service payment made during the year, the captains' costs slightly decreased by HK$1,025,000 or 0.7% to HK$154,247,000 (2018: HK$155,272,000) as compared with last year.

- Other operating expenses for the year decreased by HK$567,000 or 35.1% to HK$1,048,000 (2018: HK$1,615,000), which was primarily due to the Group not required to pay professional fees for handling the continuing connected transactions, which were incurred in the last financial year.

- The average bank loans balance for the year was approximately HK$154,556,000, representing a decrease of HK$4,247,000 or 2.7% as compared with last year (2018: HK$158,803,000). Under the rising interest rate environment, the average borrowing interest rate of the Group for the year increased to 2.3% (2018: 2.0%). As a result, the total amount of finance costs of the Group for the year was HK$3,478,000 (2018: HK$3,155,000), representing an increase of HK$323,000 or 10.2% as compared with last year.

- During the year, income tax expense significantly jumped by HK$2,020,000 or 69.8% to HK$4,914,000 (2018: HK$2,894,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences, 2) the non-taxable effect on the excess of sales proceeds on disposal of pre-Euro IV diesel commercial vehicles (including ex-gratia payments received from the Government) over the capital expenditure incurred on the vehicles disposed of and 3) the over provision of profits tax for the last financial year, the effective tax rate for the year was 16.2% (2018: 16.8%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2018: 16.5%), except that a subsidiary was entitled to a profits tax rate cut to 8.25% for the first HK$2,000,000 assessable profit under the two-tiered profits tax rates regime introduced by the Hong Kong Government.

- As compared with last year, the fair value of PLB licence further dropped by HK$1,150,000 or 27.7% to HK$3,000,000 per licence as at 31 March 2019 (2018: HK$4,150,000). As a result, the total carrying value of PLB licences of the Group decreased accordingly to HK$198,000,000, representing a decrease of HK$75,900,000 or 27.7% (2018: HK$273,900,000), of which HK$71,493,000 (2018: HK$45,200,000) was charged to the Group's consolidated income statement and the remaining HK$4,407,000 was dealt with in revaluation reserve (2018: HK$17,500,000). Please also refer to note 16 to the consolidated financial statements for more information on the carrying amount of PLB licences.

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

Cash flow

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
Net cash from operating activities (note (i))	**35,074**	26,846
Net cash used in investing activities:		
Purchase of property, plant and equipment (note (ii))	**(8,767)**	(5,720)
Purchase of two public bus licences	**(5,900)**	–
Receipt of Government subsidies for the disposal of pre-Euro IV diesel vehicles	**732**	1,339
Shareholder's loan to a joint venture	**–**	(1,500)
Others	**311**	392
	(13,624)	(5,489)
Net cash used in financing activities:		
Repayment of borrowings	**(9,777)**	(22,083)
Dividends paid	**(13,596)**	(27,191)
Interest paid	**(3,478)**	(3,155)
Proceeds from new borrowings	**–**	5,800
Exercise of share options	**–**	1,431
	(26,851)	(45,198)
Net decrease in cash and cash equivalents, represented by bank balances and cash	**(5,401)**	(23,841)

Notes:

(i) Net cash from operating activities increased by HK$8,228,000 or 30.6% to HK$35,074,000 (2018: HK$26,846,000), as a result of the increase in operating profits for the year; and

(ii) the cash used for purchase of property, plant and equipment for the year ended 31 March 2019 of HK$8,767,000 (2018: HK$5,720,000) was mainly for replacing nine aged PLBs with new PLBs amounting to HK$6,445,000 and purchasing two public buses amounting to HK$1,010,000 (2018: HK$3,673,000 for replacing four aged PLBs with new PLBs).

Capital structure, liquidity and financial resources

Liquidity and financial resources

The Group's operations are mainly financed by proceeds from its operations. The Group carefully assesses and monitors its liquidity to ensure that it has sufficient cash and standby bank facilities to meet its daily operational needs.

As at 31 March 2019, the amount of Group's net current liabilities was HK$18,614,000 (2018: net current assets of HK$7,436,000) and its current ratio (current assets/current liabilities) went down to 0.71 (2018: 1.18). The Group changed from a net current assets position HK$7,436,000 to net current liabilities of HK$18,614,000 mainly because of an increase in the current portion of the borrowings and a reduction in bank balances and cash. A three-year term loan amounting to approximately HK$21,605,000 would be mature in the coming financial year, therefore, this loan amount was reclassified from non-current borrowings to current borrowings as at 31 March 2019. Meanwhile, the bank balances and cash of the Group decreased by HK$5,401,000 or 14.1% to HK$32,829,000 as at 31 March 2019 (2018: HK$38,230,000). The details of the decrease are set out in the "Cash flow" section above.

As at 31 March 2019, the Group had bank balances and cash amounting to HK$32,829,000 (2018: HK$38,230,000). All of the bank balances and cash as at 31 March 2019 and 31 March 2018 were denominated in Hong Kong dollars.

As at 31 March 2019, the Group had bank facilities totaling HK$158,967,000 (2018: HK$168,744,000), of which HK$149,667,000 (2018: HK$159,444,000) were utilised.

Borrowings

As at 31 March 2019, the balance of total borrowings of the Group decreased by HK$9,777,000 or 6.1% to HK$149,667,000 (2018: HK$159,444,000). There was no new borrowings incepted during the year. The reduction in the balance of total borrowings was solely due to scheduled repayment.

The maturity profiles of the borrowings are as follows:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Within one year	**29,674**	9,849
In the second year	**12,619**	29,735
In the third to fifth years	**23,863**	28,493
After the fifth year	**83,511**	91,367
	149,667	159,444

The current portion of borrowings increased from HK$9,849,000 as at the last year end to HK$29,674,000 as at 31 March 2019. It was because a three-year term loan amounting to HK$21,605,000 was reclassified from non-current borrowings to current borrowings as at 31 March 2019 as the term loan would be mature in the coming financial year. The Group will look for re-financing arrangement with banks in the near future.

The gearing ratio (total liabilities/shareholders' equity) as at 31 March 2019 increased to 145.6% (2018: 101.7%) due to the reduction in shareholders equity, which was mainly attributable to the decrease in the carrying value of PLB licences by HK$75,900,000 to HK$198,000,000 (2018: HK$273,900,000).

Dividend and dividend policy

Having carefully considered the factors listed below in the Company's dividend policy, the Board recommended a special dividend of HK8.0 cents per ordinary share (2018: HK5.0 cents per ordinary share), totaling HK$21,753,000 for the year ended 31 March 2019 (2018: HK$13,596,000). No final dividend was declared by the Board for the years ended 31 March 2018 and 2019.

The Company is committed to providing stable and sustainable returns to the shareholders of the Company. Meanwhile, the Company also needs to maintain sufficient working capital for the daily operations and future growth of the Group. Therefore, the Board shall take into account the following factors when considering the declaration of dividends:

(i) the Group's current and expected financial performance;

(ii) the Group's expected working capital requirements, capital expenditure and future expansion plans;

(iii) retained earnings and distributable reserves of the Company;

(iv) the liquidity of the Group;

(v) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(vi) any other factors that the Board considers as relevant.

The declaration and amount of dividends of the Company are also subject to restrictions under the Company Law of the Cayman Islands and the memorandum and articles of association of the Company ("Articles"). There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

Pledge of assets

The Group has pledged certain assets to secure the banking facilities obtained. Details of the pledged assets as at year end are as follows:

	As at 31 March	
	2019 HK$'000	2018 HK$'000
PLB licences	**123,000**	170,150
Property, plant and equipment	**9,744**	5,285

Capital expenditure and commitment

The total capital expenditure for the year was HK$14,667,000 (2018: HK$5,720,000), which was mainly for 1) purchasing nine new PLBs totaling HK$6,445,000 for replacing the aged ones and 2) acquiring two public bus licences together with the public bus bodies totaling HK$6,910,000. The capital commitment of the Group of HK$12,293,000 as at 31 March 2019 was mainly for purchasing new PLBs. There was no outstanding capital commitment of the Group as at 31 March 2018.

Credit risk management

The income of the franchised PLB operation of the Group is either received in cash or collected via Octopus Cards Limited and Alipay HK and remitted to the Group on the next business day. Also, the Group does not provide guarantees to third parties which would expose the Group to credit risk. The Group is therefore not exposed to any significant credit risk.

Foreign currency risk management

The Group is not exposed to significant foreign exchange risk as the majority of income and expenditures of its operating activities, monetary assets and liabilities are denominated in Hong Kong dollars.

Interest rate risk management

The Group's interest rate risk arises primarily from its bank balances and borrowings. All borrowings as at 31 March 2019 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates the currency risk and the management is of the view that the Group is not subject to significant interest rate risk. Finance costs accounted for around 0.9% (2018: 0.8%) of the total costs of the Group (excluding the deficit on revaluation of PLB licences) for the reporting year. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

Fuel price risk

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could be significant to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the Board concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the years ended 31 March 2019 and 31 March 2018. The management will continue to closely monitor the changes in market conditions.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 March 2019 and 31 March 2018.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Apart from the basic remuneration, double pay and/or discretionary bonus are granted to eligible employees taking into account the Group's performance and individual's contributions. Other benefits including share option scheme, retirement plan and training schemes are also provided to the staff members. Employee benefit expenses incurred for the year were HK$198,595,000 (2018: HK$199,853,000), representing 53.1% (2018: 53.2%) of the total costs (excluding the deficit on revaluation of PLB licences). For the headcount of the Group, please refer to the Environmental, Social and Governance Report of this annual report.

REPORTING STANDARD AND SCOPE

The Group presents this Environmental, Social and Governance Report for the year ended 31 March 2019 ("Report") in accordance with Appendix 27 – Environmental, Social and Governance ("ESG") Reporting Guide ("ESG Reporting Guide") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). This Report covers the Group's principal business of provision of franchised PLB transportation services in Hong Kong. There are no significant changes in the reporting scope of this Report compared with that of last year.

The Board has overall responsibility for the Group's ESG strategy and reporting. The management is responsible for designing and maintaining an appropriate and effective ESG risk management and internal control systems of the Group.

During the preparation of this Report, the management carried out internal assessment on the materiality and relevance of the ESG issues on the Group's business. To better understand the views and expectation of the Group's stakeholders, the Group also identified its key stakeholders according to the impact the Group's business had on them, as well as the influence they had on the Group's business and they were engaged to provide their comprehensive assessments, through responding to questionnaires, on the materiality and relevance of the general disclosures and key performance indicators ("KPIs") of various ESG issues in respect of the Group's franchised PLB transportation services in Hong Kong. As a result of the internal and external assessments, this Report summarises the Group's key ESG performance in the following four areas that have significant impact and contributions to the sustainability of the principal business: i) Environmental protection; ii) Operating practices; iii) Employment practices and iv) Serving the community. The Group will regularly seek for stakeholders' participation in the materiality and relevance assessment of the ESG aspects in the future.

ENVIRONMENTAL PROTECTION

The Group is dedicated to protecting the environment and promoting sustainable development for the betterment of our next generation.

Roadside vehicle emission is one of the major sources of air pollution in Hong Kong. As a road transport operator, the Group is aware of the impact of its operations to the environment and the public. Apart from monitoring its direct and indirect impact on the environment, the Group also strictly complies with the environmental protection policy of the Government. Below are the Group's approaches to minimise the impact of its operations to the environment:

Air and greenhouse gas emissions

- *Use of fuel and engine:* Fuel is the major natural source that the daily operations of the Group heavily relied on. The Group pro-actively seeks ways to minimise the use of fuel and hence the greenhouse gas emission. For the quality of the fuel consumed, the Group relies on fuel filling stations in Hong Kong to supply fuel, mainly diesel and LPG, to the fleet. The diesel available in the fuel-filling stations is Euro V diesel. Compared with diesel, LPG is a cleaner fuel in terms of lesser emissions of greenhouse gas (i.e. carbon dioxides) and air pollutants, namely respirable suspended particulates (RSP), sulphur dioxide (SO^2) and nitrogen oxides (NO^X). In order to try its best endeavor to improve the roadside air quality of the city, the Group keeps monitoring the average fleet age and plans for aged minibuses replacement schedule annually. During the year, the Group deployed 40 new LPG minibuses (2018: 32) and 9 Euro 5 or above engine diesel minibuses (2018: 4), which meets the most stringent European emission standard, to replace the aged diesel minibuses. As at 31 March 2019, the Group's fleet was made up of 240 LPG minibuses (2018: 203) and 118 diesel minibuses (2018: 160), representing around 67% and 33% of the fleet respectively. By deploying more environmentally friendly vehicles, the average annual GHG emission slightly reduced to 61.0 tonnes per vehicle (2018: 62.0). The Group plans to further replace around 66 old diesel PLBs with lower emission standard mainly by new LPG minibuses before the end of 2019. Therefore, the management expects that the average GHG emission per vehicle would be further reduced in next year.

- *Regular maintenance:* The comprehensive maintenance programs of the Group keeps the engines at good condition which would maintain the effectiveness of the emissions systems of the minibuses. Also, the repairing technicians and frontline operational staff always stay alert to the emissions of the minibuses and send the minibuses to R&M centers for checking and repairing whenever suspected sub-standard of emissions is noted.

- *Measures of reducing fuel consumption:* The Group improves its operational efficiency by reviewing and revising the routes and services from time to time. Improving operational efficiency would reduce unnecessary consumption of fuel. The Group also adopts mileage-based oil change program, which reduces the usage of engine oil and waste oil. To improve air quality, the captains are required to strictly comply with the legal requirements of idling engine ban.

Hazardous and non-hazardous wastes

- *Hazardous waste:* The hazardous waste arising from the R&M centers are waste batteries, spent oil filters and waste lubricant. The R&M centers have registered as chemical waste producers in accordance with the relevant statutory requirements in Hong Kong. The wastes are packaged, labelled and stored properly before disposal. They are collected by the licensed collectors and sent to the licensed chemical waste disposal site for disposal.

- *Non-hazardous waste:* Tyres are the major non-hazardous waste disposed by the Group. The scrapped tyres of the Group were collected by the agents for recycling into various products. The waste water produced in the R&M centers is filtered in the sand traps before being discharged into the public drainage system.

By replacing aged minibuses, implementing comprehensive vehicle R&M program and engaging licensed chemical waste disposal agents, the Group was generally in compliance with the relevant rules of Air Pollution Control Ordinance, Road Traffic (Construction and Maintenance of Vehicles) Regulations, Motor Vehicle Idling (Fixed Penalty) Ordinance and Waste Disposal Ordinance of Hong Kong in relation to gas emission and disposal of hazardous waste during the year.

Apart from the above operational practices, the Group also promotes a "Green" concept in the administrative office. Staff members are encouraged to minimise paper, water and electricity consumption, reuse and recycle used papers and used toner cartridges in copying machines and printers. Green plants are also grown in different corners of the office to offer greenery environment to the staff. Starting from financial year 2018/19, the Group offers the arrangement of election of language and means of receipts of corporate communications to its shareholders for the sake of environmental protection. Shareholders may elect to receive interim report, annual reports, circulars and other communication documents from the Group in electronic copies. Since majority of the shareholders have elected to receive corporate communications by electronic means on the Company's website, this arrangement successfully reduced the usage of papers.

ENVIRONMENTAL INDICATORS	unit	Year ended 31 March 2019	2018
GHG Emissions (CO_2 equivalent)			
Direct sources			
Fleet	tonnes	**22,188**	22,627
Indirect sources			
Electricity	tonnes	**217**	221
Water	tonnes	**1**	1
Paper	tonnes	**10**	12
Total GHG emissions		**22,416**	22,861
Average fleet size (PLB and public bus)	vehicles	**367.5**	369.0
Average GHG emissions per vehicle	tonnes	**61.0**	62.0

ENVIRONMENTAL INDICATORS	unit	Year ended 31 March 2019	2018
Resources			
Total consumption			
Diesel	Litre ('000)	**3,081**	3,833
LPG	Litre ('000)	**8,369**	7,466
Petrol	Litre ('000)	**33**	29
Electricity	MWh	**310**	315
Water	m^3	**3,296**	3,213
Paper	kg	**2,158**	2,460
Average consumption per vehicle			
Diesel (note 3)	Litre ('000)	**20.5**	21.6
LPG (note 4)	Litre ('000)	**38.5**	38.9
Petrol	Litre	**91**	78
Electricity	KWh	**843**	854
Water	m^3	**9**	9
Paper	kg	**6**	7
Major hazardous waste produced			
Spent Lube oil in total	Litre ('000)	**33,125**	35,447*
Average per vehicle	Litre ('000)	**90**	96*
Waste Battery in total	piece	**398**	419
Average per vehicle	piece	**1.08**	1.14
Major non-hazardous waste produced			
Tyre in total	piece	**4,165**	4,259
Average per vehicle	piece	**11**	12

* restated

Note:

(1) In view of the business nature of the Group, total amount of packaging material used for finished products are not presented because it is irrelevant;

(2) There is no issue in sourcing water that is fit for the purpose during the daily operations of the Group;

(3) The amount of diesel consumption per vehicle is calculated by dividing the total amount of diesel consumption by the average number of diesel vehicles for the year; and

(4) The amount of LPG consumption per vehicle is calculated by dividing the total amount of LPG consumption by the average number of LPG vehicles for the year.

OPERATING PRACTICES

Safety awareness

Safety of the passengers and employees 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. The Group is committed to providing safe, comfortable and reliable journeys to our passengers and protecting the captains and other staff members from occupational hazards. The safety of its operations is enhanced by ways of continuous training and education, regular checks and comprehensive R&M programmes. These programmes were designed to minimise the occurrence of accidents as we are committed to maintaining a low accident rate.

Below are the Group's approaches to improve of the safety performance of all aspects of our business:

- The Group organised courses and seminars on road safety throughout the year, which helped to raise safety and risk awareness and improve work practices of our staff. Some of these courses and seminars were co-organised by the Group and 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 adopted stringent code of conduct and captains' guidelines, conducted spot checks and arranged inspection personnel disguised as passengers to make timely reports for any misbehaviour of the captains;

- To check the validity of the captains' driving licences half-yearly. Also, the Group tries to make sure the captains are physically fit for driving by requesting all captains to return their health condition declarations annually. The operations team would follow up if there is any special conditions reported by the captains;

- Enhancing the operational safety by checking tyre tread, passengers' safety belts, fire extinguishers, speed display signs and limiters of the vehicles regularly. These inspection works are carried out by a team independent from the staff members and the management of the R&M centers and operations department;

- Tips to passengers are posted at prominent locations inside the minibuses to remind the passengers of the safety on board;

- Implementing the plans for replacing aged minibuses would minimise the chance of mechanical breakdown; and

- The Group has implemented comprehensive maintenance programmes to ensure proper checks 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. The Group has been rewarded the ISO 9001:2008 quality management system certification (and subsequently upgraded to ISO 9001:2015 since 2017) for its dedication to enhance its R&M centers since January 2011, making the Group the first franchised PLB operator in Hong Kong having such a prestigious accreditation. The R&M centers of the Group also have registered under the Voluntary Registration Scheme for Vehicle Mechanics launched by the Government, under which the participating vehicle maintenance workshops should pledge to operate at a quality level not lower than that specified in the Practice Guidelines for Vehicle Maintenance Workshops in terms of the technical, environmental, safety, staff training, service and documentation requirements.

The average accident rate was 2.7 per million km for the year ended 31 March 2019 (2018: 2.8 per million km). Apart from enhancing the new captains' safety awareness by strengthening their orientation training, the management also sought to lower the accident rate by strengthening the R&M programmes and increasing captains' pay during the year, in the hope that increasing the attractiveness of the captains' remuneration to retain quality captains.

During the year, the Group was strictly in compliance with the relevant rules of Road Traffic Ordinance of Hong Kong in relation to safety equipment, registration, licensing, construction and maintenance of vehicles.

Supply chain management

The Group engages suppliers mainly for the leasing of PLBs and the procurement of fuel, vehicles parts and repairing services. The number of suppliers of the Group for the year ended 31 March 2019 was 63 (2018: 62). All suppliers engaged by the Group are located in Hong Kong.

The Group launched procurement guidelines in 2009 aiming to ensure that the products and services procured by the Group are carried out under the principle of fair competition and to improve the transparency and accountability of the Group's procurement process. Moreover, to ensure the service quality of the franchised PLBs operations, the Group selects only those suppliers with satisfactory record of products and service quality and on–time delivery. The suppliers are also required to ensure that the relevant laws and regulations in environmental protection in relation to the products and service provided are properly complied with.

Anti-corruption

The Group recognises the importance of carrying out business activities with integrity and believes an effective anti-corruption mechanism is the key of the sustainability and long-term growth of the Group. The code of conduct and the procurement guidelines of the Group provide clear guidelines to the employees on how to conduct business in a fair, ethical and legal manner and to avoid corruption in any form (as defined by the Prevention of Bribery Ordinance of Hong Kong). The Group's code of conduct also requires the employees to avoid any conflict of interest (where personal interests conflict with the interests of the Group), to declare any conflict of interest and not to abuse their positions or powers in the Group to seek personal benefits. Gambling activities are strictly prohibited during the working hours and in any workplace. Employees are also not allowed to accept any loan from any person who has a business or business relationship with the Group, except the borrowings from licensed banks or financial institutions.

The Board has established a whistle blowing policy to provide reporting channels for the employees to report possible improper or corruptive practices encountered in their workplace. Reportable matters include but are not limited to breach of laws, rules and regulations, unlawful or inappropriate or fraudulent conduct involving internal control, accounting or financial matters, acts that endanger personal health and safety, and improper conduct or unethical conduct that may prejudice the reputation of the Group.

Data and Privacy Protection

For safety and security purposes, some of the PLBs are equipped with CCTV cameras. Notices to passengers are posted inside the PLB compartments to inform the passengers that the CCTV system is in function. Only authorised staff members are allowed to access and view the CCTV recordings. Unless investigation is in progress, the recordings are erased automatically after 15 days. The Group did not receive any complaints concerning privacy issues during the year ended 31 March 2019.

EMPLOYMENT PRACTICES

The minibus industry is labour-intensive in nature. The Group considers its employees as its greatest assets.

As at 31 March 2019, the Group had 1,300 employees in total (2018: 1,275). The Group recruits employees from the local labour market and adheres to the principle of open and fair competition. The recruitment criteria are based on individual merits, education background, skill and past experience of the candidates and their suitability to the job position. The Group has adopted a board diversity policy since 2013 and is committed to eliminating discrimination in employment against race, gender, age, religion, marital and family status. Employment of illegal workers, child labour and forced labour are strictly prohibited. Candidates are required to provide identity proof to ensure their age and their eligibility of working in Hong Kong.

The Group's remuneration policy is to offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to contribute their talents to the business. The remuneration packages of the employees include basic salaries, double pay and bonuses, annual leave, travelling and housing allowance, which are determined with reference to a number of factors including employees' educational and professional background, experience, job duties and the remuneration of similar job in the industry. The level of remunerations is reviewed annually by reference to the market conditions and individual merits. The sick leave, maternity leave and paternity leave policy of the Group is based on the standard rules set out in the Employment Ordinance of Hong Kong. During the year, the Group was generally in compliance with the relevant labour laws in Hong Kong in respect of working hours, rest periods, mandatory provident funds contributions, benefits and welfare, anti-discrimination and minimum wages requirements.

The Company operates a share option scheme soon after its listing in 2004. The purpose of adopting the share option scheme was to provide the Company with a platform to offer rewards and incentives to eligible participants for their contribution to the Group and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The Group considers that staff development is important to improve the employees' abilities and safety consciousness. Therefore, the Group encourages employees to attend in-house or external training courses or seminars at the Group's expense. The topics of the trainings included directors' responsibilities, law and regulations update, professional development in accounting and insurance, occupational safety, driving behavior, information technology, anti-corruption and soft skills like time management etc.

The Group is committed to providing comfortable, convenient and safe passenger transportation services in good faith, thus, the Group adopts a code of conduct which sets out the basic standards of conduct that all the staff of the Group must abide by. All employees of the Group, regardless of their positions and functions, are required to comply fully with the principles set out in this code of conduct. The Group also adopts a whistle blowing policy to encourage the employees to pay attention and come forward to report any suspicious misconduct or any defects in the operation of the Group to the Company. The Company endeavors to properly handle the employee's concerns in a fair and appropriate manner.

WORKFORCE INDICATORS	Year ended 31 March 2019	2018
Number of Employees as at year end		
Directors	**8**	8
Administrative staff	**103**	103
Captains	**1,143**	1,119
Technicians	**46**	45
Total	**1,300**	1,275
By Gender (%)		
Male	**95.2**	95.1
Female	**4.8**	4.9
By Age Group (%)		
Under 30	**1.5**	2.0
30 to 39	**8.6**	9.7
40 to 49	**13.2**	14.4
50 to 59	**27.9**	29.8
Over 60	**48.8**	44.1
Staff Turnover Rate (%)	**21.9**	28.1
Staff fatality	**2**	–
Number of Staff Training Hours	**842**	1,072

SERVING THE COMMUNITY

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. The activities that the Group sponsored or participated through its employees and volunteer team included Southern District's Road Safety Campaign, Southern District Football Club, Walk & Run 2019 organised by A Drop of Life Limited and Walks for Millions organized by the Community Chest etc.. During the year, the Group continued to be nominated by Aberdeen Kai-fong Welfare Association Social Service Centre and was awarded as a "Caring Company" by The Hong Kong Council of Social Service in recognition of its contributions to community involvement programmes.

The Group also continues its support to the community through expanding the coverage of its GMB-GMB Interchange (GGI) schemes, offering fare concessions to passengers traveling on long journeys on specific routes. We also join hands with the MTR and The Kowloon Motor Bus Co. (1933) Limited to offer intercharge fare concession to passengers. Moreover, all GMB routes under the Group participate in the Government's Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities and two residents' bus routes participate in the Public Transport Fare Subsidy Scheme. Our operation team maintains close communication with district and resident representatives and responds proactively to passenger needs. In order to facilitate the access of wheelchair users to PLB service, the Group launched the first lower-floor wheelchair accessible PLB in Hong Kong in January 2018.

During the year, the donation and sponsorship paid to the charities and other communities/district groups are as follows:

	Year ended 31 March 2019 HK$'000	2018 HK$'000
Sponsorship	**1,002**	717
Donation	**156**	85
Total	**1,158**	802

The Company is dedicated to ensuring that its business activities and other affairs are conducted in accordance with good corporate governance practices. The Board believes that good corporate governance practices facilitate effective management and healthy corporate culture, which are the keys to running a successful and sustainable business. In the opinion of the Board, a high standard of corporate governance and practices should emphasise sound risk management, internal controls, accountability and transparency, which will benefit the stakeholders and maximise shareholders values.

The Company is committed to devoting considerable effort to identify and formalise best practice of corporate governance. The Company has also set up corporate governance practices to meet all code provisions and some of the recommended best practices in Appendix 14 "Corporate Governance Code and Corporate Governance Report" (the "Code") of the Listing Rules.

During the year, the Company has met all the code provisions of the Code, except a deviation from the code provision E.1.2 that Mr. Wong Ling Sun, Vincent, the Chairman of the Board, was unable to attend the annual general meeting ("AGM") held on 30 August 2018 due to indisposition. Also, the Board has met some of the recommended best practices set out in the Code, they are: 1) the Board conducts evaluation of its performance annually; 2) a whistle-blowing mechanism has been set up for employees to report possible improprieties in financial reporting, internal control or other matters to the Audit Committee; and 3) the Board has received a confirmation from management on the effectiveness of the Group's risk management and internal control systems.

THE BOARD OF DIRECTORS

Composition of the Board

The Board is chaired by Mr. Wong Ling Sun, Vincent (the "Chairman"). The Board comprises four Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. Four board committees, namely Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee, are appointed by the Board to oversee different areas of the Group's affairs. The respective responsibilities of the Board and the board committees 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, 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 four Executive Directors and is fully accountable to the Board.

The Directors and the membership of each of the board committees as at the date of this annual report are as follows:

Board Committee / Board of Directors	Executive Committee	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors				
Mr. Wong Ling Sun, Vincent	C			
Ms. Ng Sui Chun	M			
Mr. Chan Man Chun	M			
Ms. Wong Wai Sum, Maya	M			
Independent Non-Executive Directors				
Dr. Lee Peng Fei, Allen		M	M	C
Dr. Chan Yuen Tak Fai, Dorothy		M	C	M
Mr. Kwong Ki Chi		C	M	M

Notes: "C" means the chairman of the relevant board committee
"M" means a member of the relevant board committee
Ms. Wong Wai Man, Vivian, the Non-Executive Director, does not participate in the above Board committees

All Independent Non-Executive Directors, whose designations as Independent Non-Executive Directors are identified in all corporate communications of the Company, bring a variety of experience and expertise to the Group and at least one of the three Independent Non-Executive Directors has appropriate professional qualifications or accounting or related financial management expertise. The Independent Non-Executive Directors participate in Board meetings to bring an independent judgment on the issues arising in the meetings and monitor the Group's performance in achieving the corporate goals and objectives. The Company maintains appropriate directors' and officers' liabilities insurance.

The Board members have no financial, business, family or other material/relevant relationships with each other save that (1) Ms. Ng Sui Chun is the mother of the Chairman, Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian; and (2) Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian are the siblings of the Chairman. When the Board considers any proposal or transaction in which a Director or any of his/her associate(s) has an interest, such Director declares his/her interest and is required to abstain from voting. If a Director has conflict of interests in a matter to be considered by the Board which the Board has determined to be material, the matter must be dealt with by a physical Board meeting rather than a written resolution.

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 public companies or organisations and other significant commitments. Such declarations of interests and the respective time commitment are updated semi–annually and reported to the Company when there is any significant change.

The Board reviews its composition regularly to ensure that it has the appropriate balance of expertise, skills, experience and diversity of perspectives to continue to effectively oversee the business of the Group. Given the composition of the Board and the skills, knowledge and expertise that each Director exercises in his/her 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.

All Directors are encouraged to participate in continuous professional development and the Company is responsible for the costs of such trainings. Directors are required to provide a record of the training they received to the Company annually. The participation by Directors in the continuous professional development with appropriate emphasis on duties of a Director of a listed company and corporate governance matters during the year ended 31 March 2019 is as follows:

	Reading regulatory updates, newspapers and journals	**Attending seminars/ conferences/ forums***
Executive Directors		
Mr. Wong Ling Sun, Vincent	√	√
Ms. Ng Sui Chun	√	√
Mr. Chan Man Chun	√	√
Ms. Wong Wai Sum, Maya	√	√
Non-Executive Director		
Ms. Wong Wai Man, Vivian	√	√
Independent Non-Executive Directors		
Dr. Lee Peng Fei, Allen	√	√
Dr. Chan Yuen Tak Fai, Dorothy	√	√
Mr. Kwong Ki Chi	√	–

* including physical attendance or by webcast

Board Meetings

Regular Board meetings are held at least four times a year at approximately quarterly intervals and are scheduled in advance to facilitate the fullest possible attendance. Additional meetings may be called if necessary. The company secretary of the Company (the "Company Secretary") assists the Chairman in setting the agenda of Board meetings. Notices of regular Board meetings, including the 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/she wishes to discuss or propose at such meetings. Finalised agenda and Board papers are normally circulated to all Directors six days before the regular Board meetings to ensure timely access to relevant information. All Directors are supplied with adequate and sufficient information to enable them to make well-informed decisions and they are free to access the senior management of the Group to make further enquiries. The Chief Executive Officer (the "CEO") and the senior management are obligated to respond to the queries raised by the Directors in a timely manner.

The Board agrees to seek independent professional advice at the expense of the Company, upon reasonable request and approval of all Independent Non-Executive Directors. Draft and final versions of Board minutes are circulated to all Directors for their comments and records respectively. Final Board minutes are kept by the Company Secretary and are open for inspection by the Directors. The Company held four regular full Board meetings and four sets of written resolutions were passed during the financial year 2018/19.

The attendance of the full Board meetings during the year ended 31 March 2019 is as follows:

Executive Directors: Mr. Wong Ling Sun, Vincent, Chairman (4/4), Ms. Ng Sui Chun (4/4), Mr. Chan Man Chun, the CEO (4/4) and Ms. Wong Wai Sum, Maya (4/4); Non-Executive Director: Ms. Wong Wai Man, Vivian (4/4); Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (4/4), Dr. Chan Yuen Tak Fai, Dorothy (3/4) and Mr. Kwong Ki Chi (4/4).

Board Committees

The Board delegates some of its duties and responsibilities to four board committees, namely, Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee. Clear terms of reference have been established for each of the board committees which will be discussed below. The board committees report back to the Board on their decisions or recommendations.

The Directors are of the view that they have the overall and collective responsibilities in performing the corporate governance functions of the Group and opt not to delegate this function to any board committee. The major responsibilities of the Board concerning corporate governance are:

- setting up and reviewing the Group's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Group's policies and practices in compliance with legal and regulatory requirements;
- setting up, reviewing and monitoring the code of conduct and compliance policies/guidelines applicable to employees and Directors; and
- reviewing the Group's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2019, the Board held four meetings to perform the following work:

- reviewed and approved the interim and final results, financial statements, announcements, circular and reports of the Group;

- reviewed the risk management and internal control review reports prepared by the internal auditors and discussed with management the reports' findings and recommendations on the Group's operations and corporate activities;

- considered and approved the declaration of special dividends for the year ended 31 March 2018;

- reviewed training and continuous professional development of the Directors and senior management, as well as the adequacy of internal control procedures on the continuing connected transactions of the Group;

- approved the amendments to the terms of reference of the Audit Committee;

- approved the set up of a capital investment guideline. The purpose of the capital investment guideline is to encourage the Board and the Management of the Group (the "Management") to evaluate the major capital investment proposals through a consistent approach, which can improve the transparency and rigor of the evaluation of capital investment proposals;

- reviewed and approved an increase in the remunerations of the Independent Non-Executive Directors. The Independent Non-Executive Directors, being interested in resolution, had abstained from voting in the relevant resolutions; and

- approved the arrangement of election of language and means of receipts of corporate communications for the sake of environmental protection.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

At each AGM, one-third of the Directors (or, if the number of Directors is not divisible by three, such number as is nearest to and less than one-third) must retire as Directors by rotation. All Directors are subject to retirement by rotation at least once every three years in accordance with the Articles and are eligible for re-election and re-appointment. A Director who is appointed by the Board to fill a casual vacancy must retire at the first AGM of the Company after his appointment. Such Director is eligible for election at that AGM, but is not taken into account when deciding which and how many Directors should retire by rotation at that AGM.

All Non-Executive Director and Independent Non-Executive Directors are appointed on a term of not more than three years and are subject to re-election. For any Independent Non-Executive Director who has served on the Board for more than nine years, his/her further appointment will be subject to a separate resolution to be approved by the shareholders. The Company shall disclose the reasons in the annual report or the circular why it considers such Independent Non-Executive Director to be independent and should be re-elected.

There is a formal letter of appointment for each Director setting out the key terms and conditions of his/her appointment. Every newly appointed Director shall receive a comprehensive, formal and tailored induction on appointment. Subsequently, the Company Secretary would arrange briefing and/or professional development trainings to develop and refresh the Directors' knowledge and skills, as well as ensuring that the Directors have a proper understanding of the Company's operations and business and other regulatory requirements updates.

The procedures for shareholders to propose a person for election as a Director are available on the Company's website at http://www.amspt.com/htdocs/investor/#cg.

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, who is also an Executive Director.

The posts of Chairman and CEO are distinct and separate. The division of responsibilities between the Chairman and the CEO is clearly established and set out in the Board Manual and summarised as follows:

The responsibilities of the Chairman include:

- chairing and leading the Board to ensure that it operates effectively;
- ensuring that adequate information about the Group's business, which must be accurate, clear, complete and reliable, is provided to the Board on a timely basis;
- ensuring that all Directors are properly briefed on issues arising at Board meetings;
- ensuring good corporate governance practices;
- monitoring the performance of the CEO and other Executive Directors;
- holding meetings with the Independent Non – Executive Directors without the presence of the Executive Directors and Non-Executive Director; and
- ensuring appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.

The responsibilities of the CEO include:

- being ultimately responsible for the Group's operations and management;
- supporting the Board by providing industrial and business expertise to the Board;
- proposing to the Board the direction, objectives, strategies and policies of the Group for its consideration and approval;
- selecting and leading the top management team towards the achievement of the Group's long term objectives, missions, strategies and goals approved by the Board; and
- procuring the management to provide the Board with financial and operational monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

DELEGATION BY THE BOARD

Executive Committee

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

The major responsibilities of the Executive Committee are:

- establishing strategic directions of the Group and submitting them to the Board for their approval;
- monitoring the execution of the Company's strategic plans as determined by the Board;
- monitoring the day to day operations and performance of the senior management;
- setting up sound risk management and internal control systems to manage the risks of the Group;
- assessing any business opportunities on diversification, expansion or acquisition; and
- approving any changes to the scope of authority delegated to the senior management.

Remuneration Committee

The Remuneration Committee is chaired by an Independent Non-Executive Director, Dr. Lee Peng Fei, Allen, and comprises the other two Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.

The major responsibilities of the Remuneration Committee are:

- making recommendations to the Board on the remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management;
- making recommendations to the Board on the remuneration of Independent Non-Executive Directors;
- considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- reviewing and approving compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms and is otherwise fair and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate;
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- making recommendation to the Board on appropriate means to administer remuneration programs of Directors and senior management; and
- reviewing any transaction between the Group and the Directors, or any interest associated with the Directors, to ensure the structure and the terms of the transactions comply with the rules and laws and are appropriately disclosed.

The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee is provided with sufficient resources to perform its duties and it can access independent professional advice at the expense of the Company if necessary. It is the practice of the Remuneration Committee to consult the Chairman and/or the CEO about their remuneration proposals for other Executive Directors and Non-Executive Director. To avoid conflict of interests, no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 March 2019, the Remuneration Committee held a meeting to perform the following work:

- reviewed the Company's policy and structure for the remuneration of Non-Executive Director and Independent Non-Executive Directors;
- reviewed the remuneration packages and structures of all Executive Directors and the senior management;
- reviewed and approved the terms of Executive Directors' service contracts;
- assessed the performance of Executive Directors and approved discretionary bonuses to some of the Executive Directors;
- reviewed the remuneration review procedures of the Group; and
- reviewed all transactions between the Group and the Directors.

The attendance of the meeting is as follows: Dr. Lee Peng Fei, Allen (1/1), Dr. Chan Yuen Tak Fai, Dorothy (1/1) and Mr. Kwong Ki Chi (1/1).

In order to be able to attract and retain staff of suitable calibre, the Company recognises the importance of a fair and competitive remuneration policy. To ensure that the remuneration packages are appropriate and align with the Group's goals, objectives and performance, the Company has considered a number of factors such as salaries paid by comparable companies, job responsibilities, duties and scope, market conditions and practices, financial and non – financial performance, and desirability of performance – based remuneration, when formulating the remuneration policy.

The remuneration package of Executive Directors includes salary, bonus, pensions, medical and life insurance benefits and share options. The remuneration level is determined with reference to the expertise and experience possessed by each Executive Director and his/her performance. Except for the bonus payable to the CEO which is determined with reference to the Group's performance, bonuses to other Executive Directors are given on a discretionary basis and determined with reference to the corporate and individual performance. The remuneration of Non-Executive Director and Independent Non-Executive Directors is determined by the Board in consideration of the experience, expertise and the responsibilities involved. Please refer to note 14 to the financial statements for the emolument details of each Director, the five highest paid employees and also the remuneration paid to members of senior management by band.

The Company adopted a new share option scheme on 30 August 2013 to provide the Company with a platform to offer rewards and incentives to eligible participants for their contribution to the Group and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Please refer to pages 41 to 44 for the details of the share option schemes and the number of outstanding share options held by the Directors.

Audit Committee

The Audit Committee is responsible to the Board and consists of the three Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.

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, the Listing Rules 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 and the results of audits performed by the internal and external auditors, the relevant fees and terms, 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 terms of reference of Audit Committee are available on the websites of the Company and the Stock Exchange.

The major responsibilities of the Audit Committee are:

- being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- developing and implementing policy on engaging external auditors to supply non-audit services;
- monitoring integrity of the Group's financial statements and annual report and accounts, interim report and reviewing significant financial reporting judgments contained therein;
- reviewing the Group's financial and accounting policies and practices, financial controls, internal control and risk management systems;
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;

- ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring its effectiveness; and

- establishing a whistle-blowing mechanism for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

The Audit Committee held four meetings during the year ended 31 March 2019 to perform the following work:

- reviewed and approved the interim and final results, financial statements, announcements and reports of the Group;

- reviewed with the external auditors the significant financial reporting and accounting matters;

- approved the remuneration of the external auditors;

- reviewed the risk management and internal control review reports prepared by the internal auditors and discussed with management the reports' findings and recommendations on the Group's operations and corporate activities;

- reviewed the significant accounting policies of the Group with the management and the external auditors;

- reviewed the amounts and adequacy of internal control procedures of continuing connected transactions of the Group;

- reviewed and approved the Group's enterprise risk management systems and documents prepared by the management; and

- reviewed and recommended the amendments on the terms of reference of the Audit Committee to the Board's approval. In order to align with the relevant provision of the Listing Rules, revised terms of reference of the Audit Committee were adopted in 19 March 2019 to extend the cooling off period of a former audit partner before he/she joins as a member of the Audit Committee.

The attendance of the four meetings is as follows: Mr. Kwong Ki Chi (4/4), Dr. Lee Peng Fei, Allen (4/4) and Dr. Chan Yuen Tak Fai, Dorothy (3/4).

Nomination Committee

The Nomination Committee is chaired by an Independent Non-Executive Director, Dr. Chan Yuen Tak Fai, Dorothy, and comprises the other two Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen and Mr. Kwong Ki Chi.

The Board has delegated its authority and duties for matters relating to selection and appointment of Directors of the Company to the Nomination Committee and set out the same in the terms of reference of the Nomination Committee. 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 to fill Board vacancies as and when they arise. The major responsibilities of the Nomination Committee are:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity considerations) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of Independent Non-Executive Directors;

- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO; and

- implementing and reviewing the Board diversity policy for the Board's consideration, and monitoring the progress on achieving the objectives of the Board diversity policy to ensure effective implementation.

The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

Nomination policy

When selecting individuals suitably qualified to fill a casual vacancy of the Board, the Nomination Committee considers the following key criteria as listed in the Group's Nomination Policy:

- the skills, knowledge and experience of the candidate should be sufficient enough to add positive contribution to the development of the Board and the strategy, policies and business of the Company and the Group;
- diversity in all aspects, including but not limited to gender, age, educational and professional background, skills, knowledge and experience of the candidate;
- the candidate should have a good reputation in character, integrity, honesty and experience and is able to demonstrate a standard of competence commensurate with his/her position as a Director;
- the candidate should be able to give sufficient time and attention to the Group's affairs;
- in the case of nominating Independent Non-Executive Directors, the level of independence from the Company and the Group according to the requirement the Listing Rules; and
- other relevant factors considered by Nomination Committee that are appropriate to the business of the Company and the Group.

The above criteria are for reference only and are not meant to be exhaustive or decisive. The same factors are considered when making recommendations regarding the re-election of any existing Director.

After the Nomination Committee selects candidate(s) suitably qualified to become Board members, it makes recommendation(s) to the Board. The Board considers the reasons of the recommendations from the Nomination Committee and confirms the appointment of the candidate(s) as Director(s). The procedures of appointment of Director(s) are as reported in the section of "Appointment and Re-Election of Directors" above.

Board diversity policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the effectiveness and quality of its performance and to maintain the high standards of corporate governance. Therefore, the Board set up a Board diversity policy in August 2013 in order to set out the approach to achieve diversity on the Board.

The Board diversity policy is summarised as below:

- The Company believes that a truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience and other qualities of the members of the Board;
- All appointments of the members of the Board are made on merit, in the context of the talents, skills and experience the Board as a whole requires to be effective; and
- In reviewing and assessing the composition of the Board, the Nomination Committee (i) will consider the benefits of all aspects of diversity in order to maintain an appropriate range and balance of talents, skills and experience on the Board; and (ii) may discuss and recommend measurable objectives to the Board for achieving diversity on the Board when necessary.

The age group and gender diversity of the Directors as at 31 March 2019 are as follows:

Age Group	Male	Female
41–50	1	2
51–60	1	–
Over 60	2	2
All	4	4

The Nomination Committee is of a view that the backgrounds, skills and experience of the Directors are diverse and they possesses the depth of relevant experience and the expertise to oversee the business of the Group. Meanwhile, it considers the Board also has a satisfactory level of gender and age diversity. Biographical details of the Directors as at the date of this annual report are set out on pages 35 to 36 of this annual report.

During the year ended 31 March 2019, the Nomination Committee held one meeting to perform the following work:

- reviewed the structure, size and composition (including the skills, knowledge, experience and diversity considerations) of the Board, and independence of the Independent Non-Executive Directors. In view of the current size and operation of the Group, the Nomination Committee considered that the current structure, size, composition and the diversity of the Board members were appropriate and able to meet the requirements of Listing Rules. No further appointment of Director was considered as necessary;

- considered and recommended the re-election of Mr. Wong Ling Sun, Vincent, Mr. Chan Man Chun and Ms. Wong Wai Sum, Maya as the Executive Directors and Dr. Chan Yuen Tak Fai, Dorothy as the Independent Non – Executive Director;

- reviewed the diversity policy of the Group; and

- discussed the succession planning for the Directors and the CEO.

The attendance of the two meetings held during the year is as follows: Dr. Chan Yuen Tak Fai, Dorothy (1/1), Dr. Lee Peng Fei, Allen (1/1) and Mr. Kwong Ki Chi (1/1).

Delegation of Responsibilities to Management

The Board delegates the daily management and administration functions to the management, comprising the Executive Committee and the senior management team of the Group. The senior management team is responsible for executing the day to day business activities under the leadership and supervision of the Executive Committee, and assisting the Executive Committee to implement the approved strategic plans, goals and objectives and other responsibilities delegated by the Board to the Executive Committee.

Company Secretary

All Directors should have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and plays an important role in supporting the Board by ensuring Board procedures are followed and facilitating good information flows and communications among Directors as well as Shareholders and management. The Company Secretary is also responsible for advising the Board through the Chairman on governance matters and should also facilitate induction and professional development of Directors. The Company Secretary completed more than 15 hours of relevant professional training during the year ended 31 March 2019.

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 2019, the total remuneration paid or payable to the external auditors was HK$626,000, of which HK$543,000 was for audit and HK$83,000 was for interim review services.

DIRECTORS' AND EXTERNAL AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 financial position of the Group as at 31 March 2019, and of the Group's financial performance and cash flows for the year then ended. In preparing the financial statements for the year ended 31 March 2019, 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 2019, applied the policies consistently with the previous financial year.

The external auditors' responsibilities are clearly explained in the Independent Auditors' Report contained in this annual report. Please refer to pages 48 to 51 for details.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Board has the overall responsibility in overseeing sound risk management and internal control systems and reviewing its effectiveness annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. For the year ended 31 March 2019, the Board confirms that it has through the Audit Committee conducted a review of the effectiveness of the Group's risk management and internal control systems and considers the systems are effective and adequate. The Board also received a written confirmation from the CEO in which the management confirmed that the Group's risk management and internal control systems were effective and adequate throughout the year ending 31 March 2019.

Risk Management

The purposes of setting up a risk management system for the Group, which are documented in the risk management policy, are as follows:

- to establish a comprehensive risk management framework, processes and culture, and to ensure the Group's management to fully understand the material risks of the Group's business and operations so that they could prevent, avoid or mitigate possible risks which may exist in the market, business and the operations; and

- to ensure that business decisions and operations of the Group's could meet the policies laid down by the Board so that the Group could maintain long-term growth and sustainable development.

The roles and responsibilities of the Board, the senior management, the group functions heads and the internal auditors in the Group risk management process are clearly defined in the Group's risk management policy. The ownership of each risk is clearly assigned to the group functions heads or other personnel in charge to enhance the accountability. The Group's risk governance structure and the main role and responsibilities of each level of the structure are summarised below:

Board
(delegated to its Audit Committee)

- determines the business strategies, objectives and the risk appetite of the Group;
- ensures that an appropriate and effective risk management and internal control systems are established and maintained by the Group; and
- reviews the effectiveness of the Group's risk management and internal control system, risk profile and reports semi-annually.

Management
(comprises the Executive Committee
and the senior management)

- designs, implements and maintains appropriate and effective risk management and internal control systems;
- reviews the updates of risk profiles and reports from the heads of group functions semi-annually and ensures the implementation of business strategies is consistent with Group's objectives and risk appetite; and
- submits updated Group's overall risk profile and reports to the Board (through Audit Committee) semi-annually.

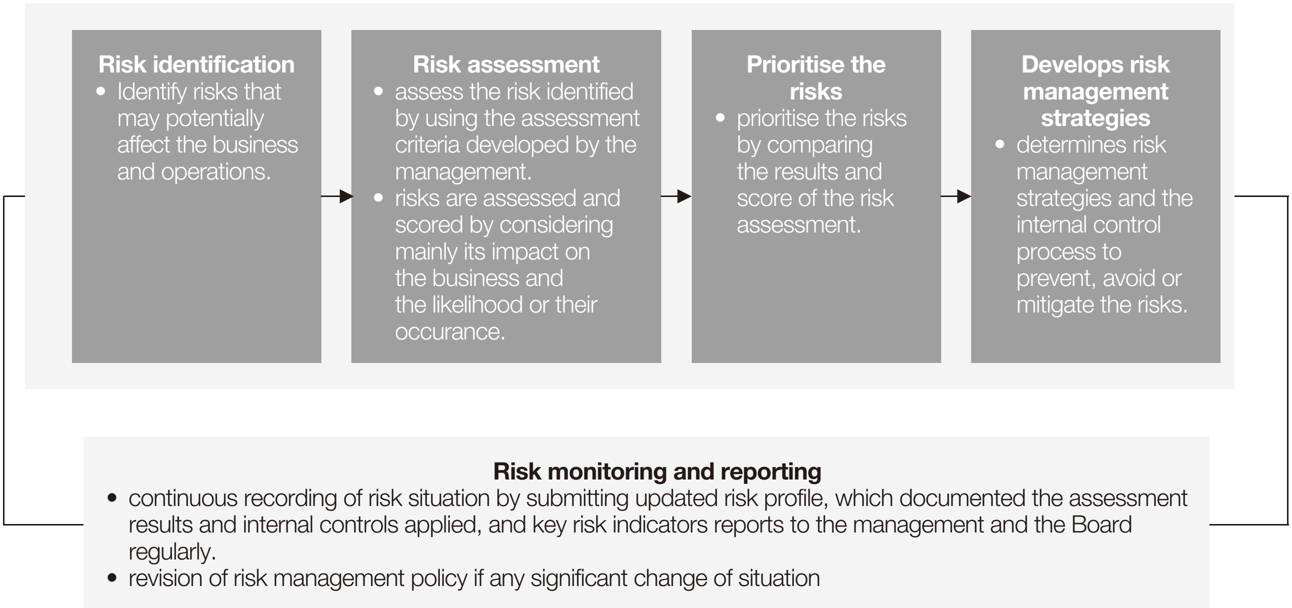
Internal auditors

- reviews the adequacy and effectiveness of the Group's risk management and internal control systems semi-annually; and
- reports to the Audit Committee the findings of the review and makes recommendations to the Board and management to improve the material systems deficiencies or control weaknesses identified.

Group Functions

- identifies, evaluates and manages the risks that may potentially impact the major processes of the operations of the department; and
- submits updated risk profile and reports to the management semi-annually.

Under the Group's risk management policy, the process used to identify, evaluate and manage significant risk is as follows:



The Audit Committee is delegated by the Board with responsibilities to oversee the Group's overall risk management system. During the year ended 31 March 2019, regarding the risk management system, the Audit Committee performed the following work:

- Reviewed the adequacy and effectiveness of the risk management system design of the Group;
- Reviewed the updated risk assessment results and the risk profile of the Group and discussed how the Group should respond to the changes in the high risk factors;
- Reviewed the bi-annual key risk indicators ("KRI") reports submitted by the management; and
- Reviewed the result of risk management system review carried out by the internal auditors.

Internal Control

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 unauthorised 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 key elements in the internal control system of the Group are:

- clearly defined organisational structure and duties and responsibilities of each employee;
- written code of conduct providing guidelines to the employees on their personal conduct and the ethical requirements when carrying out business activities;
- internal policies and/or guidelines on inside information disclosure, connected transactions reporting and approval, directors' securities transactions etc.;
- bi-annual compliance check on the Code carried out by the Company Secretary;
- a whistle-blowing mechanism for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties related to the Group;
- the Group's risk assessments are carried out by the senior management regularly;
- stringent internal procedures on significant financial and business activities controls for minimising the operational risk;

- monthly financial and operational reporting system for measuring and monitoring the performance of the Group;
- monthly financial and operational summary reports for the Board to evaluate the financial performance of the Group;
- bi-annual progress reports for the Board to monitor how the Group manages the areas that with higher level of business risks;
- bi-annual internal control review carried out by the outsourced internal auditors for monitoring the effectiveness of the controls;
- bi-annual KRI reports submitted by the management to monitor the key risks of the business; and
- annual Board performance evaluation for the Directors to review and evaluate the overall performance of the Board in the past year.

The Company is committed to complying with the disclosure requirements of the Listing Rules and Securities and Futures Ordinance (the "SFO") to prevent inadvertent or selective disclosure of inside information. The Company, the Directors and its employees must take all reasonable steps to ensure that the relevant information is absolutely confidential before the publication of inside information.

The Company has adopted disclosure of inside information guidelines for the purpose of assisting the Directors and the employees to understand the principles and procedures in the handling of potential insider information of the Group. Employees are required to report to their functions heads and keep it confidential when they are aware of any information that is likely to have a material effect on the price of the shares of the Company. All such reports must be delivered to the CEO as soon as possible. The CEO must assess or seek legal advice on whether the reported information would constitute inside information. Where he considers appropriate, the CEO should report to the Chairman immediately and the Chairman should convene Board meeting to seek the Board's approval on the dissemination of the inside information as soon as possible.

The Directors and employees in possession of the inside information are prohibited to deal in any securities of the Company until the inside information is formally disclosed in the websites of the Stock Exchange and the Company. The Company should apply for trading halt or suspension of stock trading if they consider that the inside information has been leaked before a formal announcement is published.

Internal Audit

The Group does not have an internal audit department. The internal audit function has been outsourced to professionals in accountancy, as selected by the Audit Committee. The internal auditors are independent of the Group and conduct internal audits on areas of concern identified by the Audit Committee annually. The term of the engagement of the internal auditors is fixed at three years in order to have a structured and comprehensive audit plan and achieve continuity. 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 Executive Directors or the management. The Board has overall responsibilities to maintain sound and effective risk management and internal control systems of the Group.

The internal auditors provides an independent review of the adequacy and effectiveness of the risk management and internal control systems and the sufficiency of the compliance of corporate governance in accordance with the Code. A three-year audit plan framework, which is prepared based on risk assessment methodology and covers all material financial, operational and compliance controls and risk management functions, has been approved by the Audit Committee upon the engagement of the Internal auditors. Before commencing their fieldwork each year, the internal auditors submit a detailed audit plan to the Audit Committee for its discussion and approval. During the year, the risk management and internal control review covered the assessment of the effectiveness of the Group's risk management and internal control systems by reference to a framework set by the Committee of Sponsoring Organisations of the Treadway Commission (the "COSO Framework"), which consists of five inter-related components, namely (i) control (or operating) environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring. The review also covered significant business processes and activities of the Group and follow-ups of the corrective measures of the weaknesses identified in previous reviews.

Furthermore, in order to maintain the effectiveness of the financial reporting and compliance process, the risk management and internal control review also considered the adequacy of resources, staff qualification and experience, training programmes and budget of the Group's accounting and financial reporting function.

The internal audit also covered the review of internal controls on carrying out connected transactions during the year. Apart from the annual review on continuing connected transactions by external auditors, the internal auditors also assisted the Independent Non-Executive Directors to review the adequacy and effectiveness of the internal control procedures to ensure that the connected transactions were conducted in accordance with the pricing policies or mechanism under the agreements.

Any identified control weaknesses are addressed in the risk management and internal control review reports (the "Review Reports"). Draft Review Reports are sent to the Executive Directors, the CEO and the senior management concerned for the management's comments and responses. The finalised Review Reports are submitted to the Board and the Audit Committee for their review twice per year. The Board and the internal auditors considers that the Group's material internal controls are adequate and effective and the Group has complied with the code provisions on risk management and internal control set out in the Code during the year 31 March 2019.

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. The Securities Code is also applicable to the employees of the Group who are likely to be in possession of unpublished inside information in relation to the Group.

Formal written notices are sent to the Directors and relevant employees as reminder that they 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 interim 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 designated Director and receive a dated written clearance before any dealing. The clearance to deal is valid for not more than five 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 2019 in the shares in the Company and its associated corporations (within the meaning of Part XV of the SFO) are set out on pages 40 to 41 of this annual report.

INVESTOR RELATIONS

Shareholders' Communication Policy

The Company continues to enhance relationships and communication with its investors. A shareholders' communication policy has been set up in order to enable the Company to provide its shareholders and potential shareholders with equal and timely information of the Company (including financial results, important developments, strategic goals and plans, corporate governance and risk profile etc.) at any time effectively and to avoid selective disclosure. 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 and published on the websites of the Company and the Stock Exchange. The Company maintains close communication with investors, analysts, fund managers and the media by way of individual interviews and meetings. The Group also responds to requests, information and queries from the investors in an informative and timely manner.

The Board also welcomes the 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.

Shareholders, potential investors and analysts may enquire about information of the Company, ask questions or give comments to the Board by sending email to the Company (e-mail address: ir@amspt.com). The Company will answer reasonable questions raised by the shareholders and potential investors and analysts provided that there is no violation of the Company's disclosure of inside information guidelines. However, in order to avoid selective disclosure and disclosing inside information, the Company will only provide information that has been published by the Company.

General Meetings

All Directors are invited to general meetings to develop a balanced understanding of the views of shareholders. For each substantially separate issue at a general meeting, a separate resolution is proposed by the chairman of that meeting.

The Chairman and the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and any other committees (as appropriate) attend the AGM and other relevant general meetings to answer questions raised by the shareholders. In their absence, the Chairman shall invite another member of the committees to attend. These persons will be available to answer questions at the AGM. The external auditors are also invited to the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Mr. Wong Ling Sun, Vincent, the Chairman, was unable to attend the AGM held on 30 August 2018 due to indisposition and this AGM was chaired by the CEO instead. The attendance of this AGM is as follows:

Executive Directors: Mr. Wong Ling Sun, Vincent, chairman of the AGM (0/1), Ms. Ng Sui Chun (1/1), Mr. Chan Man Chun, the CEO (1/1) and Ms. Wong Wai Sum, Maya (1/1); Non-Executive Director: Ms. Wong Wai Man, Vivian (1/1), Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (1/1), Dr. Chan Yuen Tak Fai, Dorothy (1/1) and Mr. Kwong Ki Chi (1/1).

Convening General Meetings by Shareholders

Shareholders may convene an extraordinary general meeting ("EGM") and make proposals for businesses to be transacted thereat in the following manner:

(a) Any one or more shareholders holding at the date of deposit of the Requisition (as defined below) not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition (the "Requisition") sent to the principal place of business of the Company in Hong Kong at 11–12/F, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong, for the attention of the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in the Requisition.

(b) The Requisition must state clearly the name(s) of the Eligible Shareholder(s) concerned, its/his/her/their shareholding in the Company as at the date of the Requisition, the reason for convening an EGM, the agenda proposed to be included and the details of the businesses proposed to be transacted at the EGM, signed by all the Eligible Shareholder(s) concerned.

(c) The Requisition will be verified with the Company's branch share registrar in Hong Kong, and upon its confirmation that the Requisition is proper and in order, the Company Secretary will ask the Board to convene an EGM to be held within two months after the deposit of the Requisition by serving sufficient notice in accordance with the Articles and the applicable laws, rules and regulations (including without limitation the Listing Rules) to all registered shareholders. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of such outcome and accordingly, the Board will not call an EGM.

(d) If within 21 days of such deposit the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) concerned itself/himself/herself/themselves may convene such EGM in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of such failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Note: There is no express provision allowing shareholders to make proposals (other than a proposal for election of a person as a Director) at any general meeting convened by the Board (not on requisition of Shareholders) under the Articles or the laws of the Cayman Islands.

EXECUTIVE DIRECTORS

Mr. Wong Ling Sun, Vincent, MILT, aged 44, is the Chairman since 12 December 2014. Mr. Wong was appointed as Executive Director of the Company on 16 October 2004. He is also the director of all subsidiaries and a joint venture of the Group. Mr. Wong is the son of Ms. Ng Sui Chun, the brother of Ms. Wong Wai Man, Vivian and Ms. Wong Wai Sum, Maya and the nephew of Mr. Wong Man Chiu, who is the engineering manager of the Group. He also holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of Securities and Futures Ordinance ("SFO"), namely Skyblue Group Limited ("Skyblue"), Metro Success Investment Limited ("Metro Success") and JETSUN UT Company (PTC) Limited ("JETSUN"). Mr. Wong holds a bachelor of arts degree in economics. Prior to joining the Group in 2002, he worked for a large smart card system provider company in Hong Kong. Mr. Wong is a member of the Chartered Institute of Logistics and Transport ("CILT") in Hong Kong. Mr. Wong was an elected member of the Southern District Council from 2008 to 2015. As the Chairman, Mr. Wong is responsible for chairing and leading the Board in formulating the overall business strategies, monitoring the corporate development of the Group and maintaining good standard of corporate governance practices throughout the Group.

Ms. Ng Sui Chun, aged 68, is the finance director of the Company and one of the founders of the Group. She also holds directorship in all subsidiaries of the Group. Ms. Ng has been actively involved in the management of the daily operations of the Group for over 43 years and is responsible for the implementation of corporate policies, particularly in the area of finance and administration of the Group. She also actively participates in charitable 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. Ms. Ng is the mother of Mr. Wong Ling Sun, Vincent, Ms. Wong Wai Man, Vivian and Ms. Wong Wai Sum, Maya. She is also the sister-in-law of Mr. Wong Man Chiu. She also holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of SFO, namely Skyblue, Metro Success and JETSUN.

Mr. Chan Man Chun, MBA, JP, aged 55, is the CEO and Executive Director. Mr. Chan is actively involved in the overall business operations and is responsible for the formulation and implementation of the corporate strategies of the Group. He is also a director of a joint venture of the Group. He holds a master degree in business administration (MBA) and a bachelor degree in transport from The Hong Kong Polytechnic University. Mr. Chan is spokesperson of the Hong Kong Scheduled (GMB) Licensee Association. He is also a member of the Secretary for Home Affairs Major Sports Events Committee, a chairman of the Southern District Youth Programme Committee, the Southern District Football Club and the Southern District Recreation & Sports Association. He joined the Group in July 1989 and was appointed as CEO on 1 April 2005.

Ms. Wong Wai Sum, **Maya** (former name: Ms. Wong Wai Sum, May), BBA (HRM), MA (TranspPol & Plan), MIHRM (HK), CMILT, aged 43, is the daughter of Ms. Ng Sui Chun, the sister of Mr. Wong Ling Sun, Vincent and the niece of Mr. Wong Man Chiu. She is also the director of all subsidiaries of the Group. She also holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of SFO, namely Skyblue, Metro Success and JETSUN. She joined the Group in September 2003. 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 CILT in Hong Kong and an ordinary member of the Hong Kong Institute of Human Resources Management since 2005. Ms. Wong was appointed as Executive Director on 30 September 2011.

NON-EXECUTIVE DIRECTORS

Ms. Wong Wai Man, Vivian, MBA, aged 48, is the daughter of Ms. Ng Sui Chun, the sister of Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, Maya. She is also the niece of Mr. Wong Man Chiu. She holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of SFO, namely Skyblue, Metro Success and JETSUN. Ms. Wong holds a bachelor degree in business economics from the University of California, Los Angeles, United States (UCLA) and a master degree in business administration from the Hong Kong University of Science and Technology. She is an associate member of the Hong Kong Institute of Certified Public Accountants and was qualified under The American Institute of Certified Public Accountants. Ms. Wong has over 17 years working experience in the financial services industry. She previously worked at Morgan Stanley Asia Limited holding positions in corporate treasure and was an executive director and the Asia Pacific Head of Banking Products in UBS AG (Private Banking). Before joining the financial services industry, she worked for KPMG Peat Marwick LLP Los Angeles, United States in auditing for five years. She was appointed as Non-Executive Director in on 29 August 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP, aged 79, 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 an independent non–executive director of ITE (Holdings) Limited and Wang On Group 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 69, is currently a deputy director of School of Professional and Continuing Education of The University of Hong Kong ("HKU SPACE") and an independent non-executive director of MTR Corporation Limited, a Main Board listed company on the Stock Exchange. She is also a council member of MTR Academy (HK) Company Limited and HKU Space Po Leung Kuk Stanley Ho Community College. Dr. Chan is an honorary fellow of the CILT and the Global Chairperson on Women in Logistics and Transport (WiLAT) of CILT. Her current public service duties include serving as a member of the Board of Governors of the Hong Kong Institute for Public Administration, the chairperson of the Sustainable Agricultural Development Fund Advisory Committee, a director of TWGHs E-Co Village Board and an advisor to the Serco Group (HK) Limited. Before joining HKU SPACE, Dr. Chan was the Deputy Commissioner for Transport of the Hong Kong Government. She was also the international president of CILT, a member of the Social Welfare Advisory Committee and the Advisory Council on Environment of the Hong Kong Government.

Dr. Chan holds a Bachelor of Social Sciences degree, a Master of Social Sciences degree and a Doctor of Philosophy degree from The University of Hong Kong. She was appointed as Independent Non-Executive Director in March 2010.

Mr. Kwong Ki Chi, GBS, JP, aged 68, is currently an independent non-executive director of another listed company, Giordano International Limited. He had 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 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.

SENIOR MANAGEMENT

Wong Man Chiu, MSc, aged 56, has been the engineering manager of the Group since 1993. He also holds directorship in two subsidiaries of the Group. Mr. Wong 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. Mr. Wong joined the Group in 1993 and is the brother-in-law of Ms. Ng Sui Chun and the uncle of Mr. Wong Ling Sun, Vincent, Ms. Wong Wai Man, Vivian and Ms. Wong Wai Sum, Maya.

Ms. Wong Ka Yan, HKICPA, LLB, aged 42, is the financial controller and Company Secretary of the Group. She joined the Group in January 2003 and is responsible for the financial control, accounting and company secretarial 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 a fellow 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. She was appointed as Company Secretary on 26 July 2005.

Mr. Wong Yu Fung, MILT, aged 41, is the operations manager of the Group and responsible for daily route operation management and route restructuring planning etc. 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.

The Directors hereby present their report together with the audited financial statements of the Group to the shareholders for the year ended 31 March 2019.

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.

RESULTS AND RECOMMENDED DIVIDENDS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated income statement on page 52. The Directors recommend payment of a special dividend of HK8.0 cents per ordinary share (2018: a special dividend of HK5.0 cents per ordinary share, no final dividend) in respect of the year, to shareholders on the register of members on 6 September 2019. The expected payment date of the special dividend is 11 September 2019. No final dividend is declared for the years ended 31 March 2019 and 2018.

BUSINESS REVIEW

The Group's revenue is derived primarily from the provision of franchised PLB transportation services in Hong Kong. The business review of the Group for the year ended 31 March 2019 as required by Schedule 5 to the Hong Kong Companies Ordinance is contained in the "Chairman's Statement", "Management Discussion and Analysis", "Environmental, Social and Governance Report" and "Corporate Governance Report" sections of this annual report. Details about the Group's financial risk management are also set out in note 35 to the financial statements. This business review forms part of this Directors' Report.

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 March 2019 are set out in the consolidated statement of changes in equity and note 29 to the financial statements respectively.

DONATIONS

Charitable donations made by the Group during the year ended 31 March 2019 amounted to HK$156,000 (2018: HK$85,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2019 are set out in note 18 to the financial statements.

BORROWINGS

The borrowings of the Group are shown in note 23 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2019 amounted to HK$248,931,000 (2018: HK$262,431,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 100.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this report are:

Executive Directors:
Mr. Wong Ling Sun, Vincent *(Chairman)*
Ms. Ng Sui Chun
Mr. Chan Man Chun *(Chief Executive Officer)*
Ms. Wong Wai Sum, Maya

Non-Executive Director:
Ms. Wong Wai Man, Vivian

Independent Non-Executive Directors:
Dr. Lee Peng Fei, Allen
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi

In accordance with Article 86(3) and 87(1) of the Articles, the Executive Directors Mr. Wong Ling Sun, Vincent, Mr. Chan Man Chun, Ms. Wong Wai Sum, Maya and the Independent Non-Executive Director Dr. Chan Yuen Tak Fai, Dorothy, will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

Dr. Chan Yuen Tak Fai, Dorothy will complete her last 3-year appointment on the date of the AGM. If Dr. Chan is re-elected at the AGM, her appointment shall then continue for a period not more than three years and be subject to retirement by rotation and re-election at the subsequent AGMs in accordance with the Articles and the Listing Rules. As for the other two Independent Non-Executive Directors, Mr. Kwong Ki Chi and Dr. Lee Peng Fei, Allen, they have been appointed for a period of not more than three years starting from the dates of AGM 2017 and AGM 2018 respectively.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 35 to 37.

DIRECTORS' SERVICE CONTRACTS

All of the service contracts of the Executive Directors, except for Ms. Wong Wai Sum, Maya, cover an initial term of three years, and will continue thereafter until terminated by either party giving to the other not less than six months' prior written notice expiring not earlier than the date of expiry of the initial term. The service contract of Ms. Wong Wai Sum, Maya, the Executive Director, will continue until terminated by either party giving to the other not less than six months' prior written notice.

All Non-Executive Director and Independent Non-Executive Directors are appointed on terms not more than three years and subject to re-election according to the Articles. None of the Directors who is proposed for election or re-election at the AGM has service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

The remuneration of the Directors and the details of the five highest-paid individuals of the Company are set out in note 14 to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the year ended 31 March 2019, Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, Maya, all being Executive Directors, and Ms. Wong Wai Man, Vivian, being the Non-Executive Director (together with their family members, collectively the "Wong Family"), were indirectly interested in a minibus leasing agreement dated 29 June 2017 entered into between Gurnard Holdings Limited, a wholly owned subsidiary of the Company, as lessee and Maxson Transportation Limited ("Maxson"), Hong Kong & China Transportation Consultants Limited ("HKCT") and Big Three Limited ("Big Three") as lessors. The lessors were beneficially owned and controlled by the controlling shareholders, the Wong Family. Please refer to the section "Connected Transactions" of this Directors' Report for details.

Save for the above, no other transactions, arrangements or contracts that are significant in relation to the Group's business to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a person who at any time during the year was a Director or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during or at the end of the year.

DIRECTORS' INTERESTS IN SHARES

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

As at 31 March 2019, the interests and short positions of the Directors in the shares, underlying shares and debentures in/of the Company and its associated corporations (within the meaning of the Part XV of the SFO) which have been recorded in the register required to be kept under Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the shares and the underlying shares in the Company

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held in respect of the share options (Note (d))	Total	Approximate percentage of shareholding
Mr. Wong Ling Sun, Vincent (Notes a & b)	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.27%
	Beneficial owner	Personal	25,362,500	–	25,362,500	9.32%
	Executor of the estate of late Mr. Wong Man Kit	Other	23,256,000	–	23,256,000	8.56%
	Spouse of Ms. Loo Natasha Christie	Family	352,000	–	352,000	0.12%
	Father of Mr. Wong Tin Yan, Chace	Family	2,000,000	–	2,000,000	0.74%
	Father of Mr. Wong Tin Yue, Noah	Family	2,000,000	–	2,000,000	0.74%
	Father of Miss Wong Tin Lam, Olivia	Family	2,000,000	–	2,000,000	0.74%
Ms. Ng Sui Chun (Note a)	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.27%
	Beneficial owner	Personal	10,268,300	–	10,268,300	3.77%
	Spouse of late Mr. Wong Man Kit	Family	23,256,000	–	23,256,000	8.56%
Mr. Chan Man Chun	Beneficial owner	Personal	3,539,500	–	3,539,500	1.30%
	Spouse of Ms. Chan Lai Ling	Family	220,000	–	220,000	0.08%
Ms. Wong Wai Sum, Maya (Note a)	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.27%
	Beneficial owner	Personal	3,357,000	–	3,357,000	1.24%
Ms. Wong Wai Man, Vivian (Note a & c)	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.27%
	Beneficial owner	Personal	1,000,000	–	1,000,000	0.37%
	Mother of Miss Au Tze Yu	Family	2,200,000	–	2,200,000	0.81%
	Mother of Mr. Au Chun Hay, Davis	Family	2,000,000	–	2,000,000	0.74%

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held in respect of the share options (Note (d))	Total	Approximate percentage of shareholding
Dr. Lee Peng Fei, Allen	Beneficial owner	Personal	330,000	558,000	888,000	0.33%
Dr. Chan Yuen Tak Fai, Dorothy	Beneficial owner	Personal	588,000	300,000	888,000	0.33%
Mr. Kwong Ki Chi	Beneficial owner	Personal	588,000	300,000	888,000	0.33%

Notes:

(a) As at 31 March 2019, a total of 117,677,000 ordinary shares in the Company were held by Skyblue Group Limited ("Skyblue"), which is a wholly owned subsidiary of Metro Success Investments Limited ("Metro Success"). Metro Success is a wholly owned subsidiary of JETSUN UT Company (PTC) Limited ("JETSUN"), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited ("HSBCITL") as trustee of The JetSun Trust and the remaining one unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. The JetSun Trust is a discretionary trust and its discretionary objects include Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian.

(b) As at 31 March 2019, Mr. Wong Ling Sun, Vincent held 2,000,000 ordinary shares in the Company as trustee for the benefit of each of his children namely Mr. Wong Tin Yan, Chace (a minor), Mr. Wong Tin Yue, Noah (a minor) and Miss Wong Tin Lam, Olivia (a minor), totaling 6,000,000 ordinary shares.

(c) As at 31 March 2019, Ms. Wong Wai Man, Vivian held 2,200,000 and 2,000,000 ordinary shares in the Company as trustee for the benefit of her children Miss Au Tze Yu (a minor) and Mr. Au Chun Hay Devis (a minor) respectively.

(d) The share options granted by the Company are physically settled equity derivatives. Please refer to the section "Share Option Scheme" of this Directors' report for the details of the share options granted to the Directors.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, as at 31 March 2019, none of the Directors and their associates have 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 required 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.

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 ended 31 March 2019.

SHARE OPTION SCHEME

On 30 August 2013, the Company terminated the share option scheme adopted on 22 March 2004 (the "2004 Scheme") and adopted a new share option scheme (the "2013 scheme") on the same day to provide the Company with a platform to offer rewards and incentives to eligible participants for their contribution to the Group and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The 2004 Scheme

After the termination of the 2004 Scheme, no further options shall be offered under the 2004 Scheme but the provisions of the 2004 Scheme in all other respects shall remain in full force to the extent necessary to give effect to the exercise of any outstanding options granted thereunder prior to such termination. All outstanding options granted under the 2004 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the 2004 Scheme.

The 2013 Scheme

The terms of the 2013 Scheme are substantially similar to the 2004 Scheme. The details of the 2013 Scheme are summarised as follows:

(a) ***Purpose of the 2013 Scheme***

The purpose of the 2013 Scheme is to enable the Group to grant options to selected participants as incentives for their contribution to the Group.

(b) ***Participants of the 2013 Scheme***

Pursuant to the 2013 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 2013 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 2013 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 2013 Scheme and any other share option scheme of the Company) to be granted under the 2013 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 2013 Scheme by the shareholders of the Company (the "Scheme Mandate Limit"). 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 2013 Scheme under the Scheme Mandate Limit as refreshed must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The Scheme Mandate Limit under the 2013 Scheme is up to 26,612,500 shares, representing 10% of the issued shares of the Company as at 30 August 2013, the date of approval of the 2013 Scheme. The total number of shares available for issue under the 2013 Scheme was 18,184,500, representing 6.7% of the issued shares of the Company as at 31 March 2019.

(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 of the 2013 Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue at the material time.

(e) ***Time of exercise of options***
An option may be exercised in accordance with the terms of the 2013 Scheme at any time during a period to be determined and notified by the Directors to each grantee of the 2013 Scheme, or in the absence of such determination, a period commencing on a day upon which the offer for grant of the option is accepted and ending on the earlier of either the date on which such option lapses under the relevant provisions of the 2013 Scheme or 10 years from the date of offer of the option, subject to the provisions on early termination set out in the 2013 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 2013 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 2013 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 five 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 2013 Scheme***
The 2013 Scheme will continue to be in full force and effect until 29 August 2023 (i.e. 10 years from the date on which the 2013 Scheme was adopted) 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 2013 Scheme.

Details of the outstanding share options of the Company as at 31 March 2019 are as follows:

Name of grantees	Date of grant (note (a)) *(d/m/y)*	Number of share options granted	Period during which rights are exercisable *(d/m/y)*	Exercise price per share option *(HK$)*	Outstanding as at 1 April 2018	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Outstanding as at 31 March 2019
Directors:									
Dr. Lee Peng Fei, Allen	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000	–	–	–	300,000
	23/9/2015	258,000	23/9/2015–22/9/2025	1.25	258,000	–	–	–	258,000
					558,000	–	–	–	558,000
Dr. Chan Yuen Tak Fai, Dorothy	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000	–	–	–	300,000
					300,000	–	–	–	300,000
Mr. Kwong Ki Chi	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000	–	–	–	300,000
					300,000	–	–	–	300,000
Total Directors					1,158,000	–	–	–	1,158,000
Continue Contract Employees:									
In aggregate	20/10/2011	4,050,000	20/10/2011–19/10/2021	1.60	4,000,000	–	–	–	4,000,000
	23/9/2015	3,096,000	23/9/2015–22/9/2025	1.25	2,339,000	–	–	–	2,339,000
					6,339,000	–	–	–	6,339,000
Total all categories					7,497,000	–	–	–	7,497,000

Notes:

(a) The share options granted on 20 October 2011 were granted under the 2004 Scheme while those granted on 23 September 2015 were granted under the 2013 Scheme.

(b) The closing prices of each share immediately before the date of grant of 20 October 2011 and 23 September 2015 were HK$1.60 and HK$1.25 respectively.

(c) All outstanding share options were vested immediately on the date of grant. No share options were granted, cancelled, lapsed or exercised during the year ended 31 March 2019.

(d) For the accounting policy adopted for the share options, please refer to note 2.18 of the financial statements contained in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for less than 30% of the Group's total revenue for the year ended 31 March 2019.

The percentages of purchase for the year ended 31 March 2019 from the Group's major suppliers are as follows:

Purchases

– the largest supplier: 7.4% (2018: 7.6%)
– the five largest suppliers combined: 29.7% (2018: 29.4%)

Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun and Ms. Wong Wai Sum, Maya, all being Executive Directors, and Ms. Wong Wai Man, Vivian, being the Non-Executive Director, are directors and beneficial shareholders of the Group's top three largest suppliers.

Connected Transactions

Significant related party transactions entered into by the Company during the year ended 31 March 2019, 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:

	Year ended 31 March	
	2019	2018
	HK$’000	HK$’000
Continuing connected transactions:		
PLB hire charges paid to related companies	**65,619**	68,623
Administration fee income received from related companies	**2,327**	2,327

Pursuant to the minibus leasing agreement dated 29 June 2017, the PLB hire charges disclosed above, after deduction of administration fee income, payable to Maxson, HKCT and Big Three, all of them are beneficially owned and controlled by the Wong Family, constitute continuing connected transactions of the Company.

In accordance with Rule 14A.55 of the Listing Rules, the Independent Non-Executive Directors have reviewed, approved and confirmed that:

1. the foregoing continuing connected transactions were entered into:

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

   (b) on normal commercial terms or better; and

   (c) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the Company’s shareholders as a whole.

2. the Group’s internal control procedures were adequate and effective to ensure that the transactions were conducted in the manner set out in sub-paragraph 1 above;

3. the aggregate amount for the year ended 31 March 2019 of HK$63,292,000 payable by the Company under the minibus leasing agreement dated 29 June 2017, after deduction of administration fee income received, did not exceed HK$77,960,000, the annual cap in accordance with the ordinary resolution passed in AGM held on 29 August 2017.

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the HKICPA. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the foregoing continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2019, the following persons (other than the Directors) had interests or short positions in the shares and underlying shares of the Company 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 to the total number of issued shares in the Company as at 31 March 2019
HSBCITL	(Note a)	133,077,000	48.94%
JETSUN	(Note a)	117,677,000	43.27%
Metro Success	(Note a)	117,677,000	43.27%
Skyblue	(Note a)	117,677,000	43.27%
The Seven International Holdings (L) Limited ("SIHL")	(Note b)	14,850,000	5.46%
The Seven Capital Limited ("SCL")	(Note b)	14,850,000	5.46%

Notes:

(a) As at 31 March 2019, a total of 117,677,000 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. Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian are the beneficiaries of The JetSun Trust.

(b) As at 31 March 2019, a total of 14,850,000 shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HSBCITL.

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 the CEO) having an interest or a short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2019.

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 2019. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the financial year under review.

CORPORATE GOVERNANCE

The Company has complied with the provisions of the code as set out in the Code for the year ended 31 March 2019, except a deviation from the code provision E.1.2 that Mr. Wong Ling Sun, Vincent, the Chairman of the Board, was unable to attend the annual general meeting held on 30 August 2018 due to indisposition and the said meeting was chaired by the Chief Executive Officer of the Group. A report on the principal corporate governance practices adopted by the Company is set out on pages 20 to 34 of this Annual Report.

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 guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 27 June 2019 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 Articles and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

PERMITTED INDEMNITY

Subject to the applicable laws, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses may be incurred by him/her in the execution of his/her duties or in relation thereto pursuant to the Articles. Such provisions were in force during the course of the year ended 31 March 2019 and remained in force as of the date of this report. The Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

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

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITORS

The accompanying financial statements have been audited by Grant Thornton Hong Kong Limited. A resolution will be submitted in the AGM to re-appoint Grant Thornton Hong Kong Limited as the auditors of the Company.

By Order of the Board

Wong Ling Sun, Vincent
Chairman

Hong Kong, 27 June 2019

Grant Thornton
致同

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

OPINION

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 52 to 99, which comprise the consolidated balance sheet as at 31 March 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit is summarised as follow:

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of public light bus ("PLB") licences *Refer to note 16 to the consolidated financial statements, the accounting policies in note 2.7 and the accounting estimates and judgement in note 4.* Management has estimated the fair value of the Group's PLB licences to be HK$198,000,000 as at 31 March 2019 with deficit on revaluation for the year ended 31 March 2019 recorded in the consolidated income statement and PLB licences revaluation reserve of HK$71,493,000 and HK$4,407,000, respectively. The fair value of the Group's PLB licences were assessed by an external valuer based on independent valuations. We identified valuation of the Group's PLB licences as a key audit matter because of the significance of PLB licences to the consolidated financial statements and because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology and market data.	Our procedures to assess the valuation of the Group's PLB licences included: – evaluating the competence, independence, and objectivity of the external valuer; – assessing the valuation methodology adopted with reference to the average of recent market prices from different market dealers; – checking, on a sample basis, the accuracy and relevance of the input data used; and – discussing the valuations with management and the external valuer and assessing key assumptions adopted in the valuations, including those relating to market selling prices, by comparing them with available market data, taking into consideration the comparability and other local market factors.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment – cash generating units of franchised PLB services *Refer to note 20 to the consolidated financial statements, the accounting policies in note 2.9 and the accounting estimates and judgement in note 4.* As at 31 March 2019, the Group had net carrying amounts of goodwill of HK$22,918,000, which were allocated to four cash generating units ("CGUs") of franchised PLB services according to their separate operating rights. The management performed impairment assessment of the Group's goodwill. The recoverable amount of each CGU was determined based on value-in-use calculations using future cash flow projections. Based on the results of the impairment assessment which involved significant management judgements and estimation including the growth rates and discount rates applied in the value-in-use calculations, the management has concluded that there was no impairment of the goodwill for the year ended 31 March 2019. We identified the impairment test of goodwill as a key audit matter because the value-in-use calculations involved significant management judgement and estimation, and were based on assumptions that would be affected by economic and market conditions.	Our procedures in relation to management's goodwill impairment assessment included: – assessing the valuation methodology adopted by the management and the reasonableness of key assumptions; – checking the basis of preparing the cash flow forecasts taking into account the testing results on the accuracy of prior year cash flow forecasts and the historic evidence supporting underlying assumptions; and – reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2018/19 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the audit committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

Kwok Siu Kwan, Sylvia
Practising Certificate No.: P06616

Hong Kong, 27 June 2019

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
	Notes	**2019 HK$'000**	2018 HK$'000
Revenue	6	**392,924**	383,797
Direct costs		**(324,526)**	(327,907)
Gross profit		**68,398**	55,890
Other revenue	7	**8,454**	7,489
Other net income/(expense)	7	**141**	(143)
Administrative expenses		**(40,065)**	(39,675)
Other operating expenses		**(1,048)**	(1,615)
Operating profit		**35,880**	21,946
Deficit on revaluation of PLB licences	16	**(71,493)**	(45,200)
Finance costs	8	**(3,478)**	(3,155)
Share of results of a joint venture	19	**747**	–
Loss before income tax	9	**(38,344)**	(26,409)
Income tax expense	10	**(4,914)**	(2,894)
Loss for the year		**(43,258)**	(29,303)
Loss per share attributable to equity holders of the Company			
– Basic (In HK cents)	12(a)	**(15.91)**	(10.79)
– Diluted (In HK cents)	12(b)	**(15.91)**	(10.79)

The notes on pages 57 to 99 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2019 HK$'000	 2018 HK$'000
Loss for the year		**(43,258)**	(29,303)
Other comprehensive expense			
Item that will not be reclassified subsequently to consolidated income statement			
– Deficit on revaluation of PLB licences	16	**(4,407)**	(17,500)
Total comprehensive expense for the year		**(47,665)**	(46,803)

The notes on pages 57 to 99 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 March 2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**30,946**	25,432
PLB licences	16	**198,000**	273,900
Public bus licences	17	**15,184**	9,284
Interest in a joint venture	19	**747**	–
Goodwill	20	**22,918**	22,918
Deferred tax assets	30	**1,003**	1,186
		268,798	332,720
Current assets			
Trade and other receivables	21	**11,209**	9,428
Amount due from a joint venture	19	**1,500**	1,500
Tax recoverable		**372**	190
Bank balances and cash	22	**32,829**	38,230
		45,910	49,348
Current liabilities			
Borrowings	23	**29,674**	9,849
Trade and other payables	24	**32,916**	31,906
Tax payable		**1,934**	157
		64,524	41,912
Net current (liabilities)/assets		**(18,614)**	7,436
Total assets less current liabilities		**250,184**	340,156
Non-current liabilities			
Borrowings	23	**119,993**	149,595
Deferred tax liabilities	30	**2,071**	1,180
		122,064	150,775
Net assets		**128,120**	189,381
EQUITY			
Share capital	26	**27,191**	27,191
Reserves		**100,929**	162,190
Total equity		**128,120**	189,381

Wong Ling Sun, Vincent
Chairman

Ng Sui Chun
Director

The notes on pages 57 to 99 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	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 (note) HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2018	**27,191**	**74,612**	**4,807**	**1,666**	**19,296**	**61,809**	**189,381**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(43,258)**	**(43,258)**
Other comprehensive expense:							
– Deficit on revaluation of PLB licences (note 16)	**–**	**–**	**(4,407)**	**–**	**–**	**–**	**(4,407)**
Total comprehensive expense for the year	**–**	**–**	**(4,407)**	**–**	**–**	**(43,258)**	**(47,665)**
2018 special dividends (note 11)	**–**	**–**	**–**	**–**	**–**	**(13,596)**	**(13,596)**
As at 31 March 2019	**27,191**	**74,612**	**400**	**1,666**	**19,296**	**4,955**	**128,120**
As at 1 April 2017	27,077	73,100	22,307	1,881	19,296	118,283	261,944
Loss for the year	–	–	–	–	–	(29,303)	(29,303)
Other comprehensive expense:							
– Deficit on revaluation of PLB licences (note 16)	–	–	(17,500)	–	–	–	(17,500)
Total comprehensive expense for the year	–	–	(17,500)	–	–	(29,303)	(46,803)
Exercise of share options	114	1,512	–	(195)	–	–	1,431
Lapse of share options	–	–	–	(20)	–	20	–
2017 final dividends (note 11)	–	–	–	–	–	(27,191)	(27,191)
As at 31 March 2018	27,191	74,612	4,807	1,666	19,296	61,809	189,381

Note: Capital reserve represents the difference between the nominal value of the shares of the subsidiaries acquired as a result of the group reorganisation in March 2004 and the nominal value of the Company's shares issued in exchange thereof.

The notes on pages 57 to 99 are an integral part of these consolidated financial statements.

	Notes	Year ended 31 March 2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Cash generated from operations	34(a)	**37,319**	29,145
Income tax paid		**(2,245)**	(2,299)
Net cash from operating activities		**35,074**	26,846
Cash flows from investing activities			
Advance to a joint venture		**–**	(1,500)
Purchase of property, plant and equipment		**(8,767)**	(5,720)
Purchase of public bus licences		**(5,900)**	–
Receipt of government subsidies for disposal of property, plant and equipment		**732**	1,339
Proceeds from disposal of property, plant and equipment		**65**	233
Interest received		**246**	159
Net cash used in investing activities		**(13,624)**	(5,489)
Cash flows from financing activities			
Proceeds from new borrowings	34(b)	**–**	5,800
Repayment of borrowings	34(b)	**(9,777)**	(22,083)
Exercise of share options		**–**	1,431
Interest paid		**(3,478)**	(3,155)
Dividends paid		**(13,596)**	(27,191)
Net cash used in financing activities		**(26,851)**	(45,198)
Net decrease in cash and cash equivalents		**(5,401)**	(23,841)
Cash and cash equivalents at the beginning of the year		**38,230**	62,071
Cash and cash equivalents at the end of the year, represented by bank balances and cash	22	**32,829**	38,230

The notes on pages 57 to 99 are an integral part of these consolidated financial statements.

For the year ended 31 March 2019

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 is an investment holding company and its subsidiaries (together referred to as the "Group") are principally engaged in the provision of franchised public light bus ("PLB") and residents' bus transportation services in Hong Kong.

These consolidated financial statements for the year ended 31 March 2019 were approved for issue by the board of directors on 27 June 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). The term HKFRSs includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

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

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group in light of the fact that, as of 31 March 2019, the Group's current liabilities exceeded its current assets by HK$18,614,000. The directors are of the opinion that the Group will have sufficient working capital to finance its operations and continue as a going concern given that: 1) excluding the deficit on revaluation of PLB licences of HK$71,493,000 which is non-cash nature, the Group generated profits of HK$28,235,000 for the year ended 31 March 2019. The Group had strong and positive net cash inflow from operating activities which enable the Group to meet its payment obligations at all times; 2) the directors have reviewed the likelihood of renewal of existing banking facilities of short-term bank borrowings of approximately HK$21,605,000, which the directors believed that the short-term bank borrowings can be renewed upon the expiry; and 3) the management has prepared cash flow forecasts which demonstrated that the Group had sufficient working capital over the next twelve months from the balance sheet date. After taking into account the above, the consolidated financial statements have been prepared on a going concern basis.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated 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 consolidated financial statements are disclosed in note 4.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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 Joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In consolidated financial statements, an investment in a joint venture is initially recognised at cost and subsequently accounted for using the equity 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 joint venture 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 consolidated income statement in the determination of the Group's share of the joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the joint venture'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 consolidated income statement for the year includes the Group's share of the post-acquisition, post-tax results of the joint venture for the year, including any impairment loss on the investment in joint venture recognised for the year. The Group's other comprehensive income for the year includes its share of the joint venture's other comprehensive income for the year.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Joint venture (Continued)

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Where unrealised losses on assets sales between the Group and its joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the joint venture 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 joint venture's accounting policies to those of the Group when the joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture. For this purpose, the Group's interest in the joint venture 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 joint venture.

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 joint venture. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in joint venture 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 of disposal) of the joint venture 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 joint venture, including cash flows arising from the operations of the joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have joint control over a joint venture. If the retained interest in that former joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the consolidated income statement. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would have been required if the joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to consolidated income statement on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to consolidated income statement (as a reclassification adjustment) when the equity method is discontinued.

If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not re-measure the retained interest.

2.5 Foreign currency translation

The consolidated 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 consolidated income statement.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (ie only translated using the exchange rates at the transaction date).

2.6 Property, plant and equipment

Land held for own use under finance leases and buildings thereon and other items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 and buildings	Over the shorter of lease term or 50 years
Leasehold improvements	Over the shorter of lease term or 5 years
Furniture, fixtures and equipment	3-5 years
PLBs and public buses	10 years
Motor vehicles	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 consolidated 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. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to the consolidated income statement during the financial period in which they are incurred.

2.7 PLB licences

PLB licences, which represent freely-transferable licences to provide PLB transportation services in Hong Kong, are stated in the consolidated 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 consolidated 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 consolidated income statement, if and to the extent that a deficit on revaluation in respect of that same licence had previously been charged to the consolidated income statement.

The directors consider that the PLB licences have indefinite useful lives. 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.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Public bus licences

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

2.9 Goodwill

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 acquiree's identifiable assets and liabilities measured as at the date of acquisition.

When (ii) is greater than (i), then this excess is recognised immediately in consolidated 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.

2.10 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments.

Financial asset is derecognised when the contractual right to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets – Policy applicable from 1 April 2018

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets are classified into the following categories:

– at amortised cost;
– FVTPL; or
– fair value through other comprehensive income ("FVOCI").

The classification is determined by both:

– the entity's business model for managing the financial asset; and
– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the consolidated income statement are presented within finance costs or other revenue, except for expected credit losses ("ECL") of trade and other receivables which is presented within administrative expenses.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial instruments (Continued)

Recognition and derecognition (Continued)

Financial assets – Policy applicable from 1 April 2018 (Continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other revenue in the consolidated income statement. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, amount due from a joint venture and bank balance and cash fall into this category of financial instruments.

Financial assets – Policy applicable before 1 April 2018

The Group's financial assets include 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 balance sheet date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments. When financial assets are recognised initially, they are measured at fair values, 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 assets.

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.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair values, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised costs using the effective interest method.

All interest-related charges are included within finance costs.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial instruments (Continued)

Financial liabilities (Continued)

Classification and measurement of financial liabilities (Continued)

Borrowings

Borrowings are recognised initially at fair values, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in consolidated 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 twelve 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 costs, using the effective interest method.

2.11 Impairment of financial assets

Policy applicable from 1 April 2018

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included financial assets measured at amortised cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
– financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the balance sheet date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each balance sheet date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of financial assets (Continued)

Policy applicable from 1 April 2018 (Continued)

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the balance sheet date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
– an actual or expected significant deterioration in the operating results of the debtor; and
– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 35.6.

Policy applicable before 1 April 2018

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.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of financial assets (Continued)

Policy applicable before 1 April 2018 (Continued)

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 becoming 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.

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 consolidated 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 consolidated income statement of the period in which the reversal occurs.

Impairment losses on financial assets other than trade receivables that are stated at amortised cost, 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 consolidated income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term bank deposits.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(i) 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 consolidated 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 consolidated income statement as an integral part of the aggregate net lease payments made.

(ii) 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 consolidated 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 time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in consolidated income statement as an integral part of the aggregate net lease payments receivable.

2.14 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 equity to the extent they are incremental costs directly attributable to the equity transaction.

2.15 Revenue recognition

Revenue arises mainly from the provision of franchised PLB and residents' bus transportation services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Services income is recognised upon provision of the franchised PLB and residents' bus transportation services.

Administration fee income, advertising income, repair and maintenance service income, rental income and management fee income are recognised upon provision of the relevant services.

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

2.16 Government grant

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 relating to income is presented in gross under "other revenue" in the consolidated income statement.

2.17 Impairment of non-financial assets

Property, plant and equipment, PLB licences, public bus licences, goodwill, interest in a joint venture and the Company's interest in subsidiaries are subject to impairment testing.

Goodwill and other intangible assets with 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 of disposal, 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 costs of disposal, 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.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 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 since December 2000, for all of its employees who are eligible to participate in the MPF Scheme. Prior to that, the Group ran a defined contribution scheme which was registered under the Occupational Retirement Schemes Ordinance and ceased since the commencement of the MPF Scheme.

The Group, as employers, and the employees are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income to the MPF scheme, subject to a cap of monthly relevant income of HK$30,000. Contributions made by the Group are recognised as an expense in the consolidated income statement. 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 vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated 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.

2.19 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.

2.20 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 consolidated income statement.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Accounting for income taxes (Continued)

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 consolidated 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 joint venture, 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.

Changes in deferred tax assets or liabilities are recognised in the consolidated 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 to equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and
– reversals of existing temporary differences.

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.

2.21 Financial guarantee issued

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.

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Financial guarantee issued (Continued)

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. 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 consolidated income statement on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.11 (applicable from 1 April 2018/HKAS 37 (before application of HKFRS 9 on 1 April 2018)) and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

2.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, being the chief operating decision maker, 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 based on the Group's major service lines.

The only operating segment of the Group is the franchised PLB and residents' bus services.

2.23 Related parties

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

(a) the party is a person or a close member of that person's family and if that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:
- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

For the year ended 31 March 2019

3. ADOPTION OF NEW AND AMENDED HKFRSS

New and amended HKFRSs that are effective for annual periods beginning on or after 1 April 2018

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

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

HKFRS 9 "Financial Instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "ECL model" for the impairment of financial assets.

When adopting HKFRS 9, the Group has applied the standard retrospectively to items that existed at 1 April 2018 in accordance with the transition requirement and also applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement, and impairment are recognised in retained profits.

The adoption of HKFRS 9 has impacted the following areas:

– The classification and measurement of the Group's financial assets for trade and other receivables, amount due from a joint venture and bank balances and cash are previously classified as loans and receivables under HKAS 39, are now classified at financial assets measured at amortised cost under HKFRS 9.

– HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the "incurred loss" accounting model in HKAS 39.

Upon initial adoption of HKFRS 9, the Group applies the new ECL model to all financial assets measured at amortised cost.

For trade receivables, the Group applies a simplified model of recognising lifetime ECL as these items do not have a significant financing component. For other financial assets, the Group applies a general approach of recognising ECL. No ECL have been recognised as a result of the total ECL is immaterial.

All financial assets previously measured at amortised cost under HKAS 39 are continued to be measured at amortised cost under HKFRS 9. There have been no changes to the classification or measurement of financial liabilities as a result of the application of HKFRS 9.

For the year ended 31 March 2019

3. ADOPTION OF NEW AND AMENDED HKFRSS (Continued)

New and amended HKFRSs that are effective for annual periods beginning on or after 1 April 2018 (Continued)

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 "Revenue from Contracts with Customers" and the related "Clarifications to HKFRS 15 Revenue from Contracts with Customers" (hereinafter referred to as "HKFRS 15") replace HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations.

The Group has elected to use the cumulative effect transition method, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18.

In accordance with the transition guidance under HKFRS 15, the Group has only been applied to contracts that are incomplete as at 1 April 2018.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact to the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[5]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date not yet determined
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

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3. ADOPTION OF NEW AND AMENDED HKFRSS (Continued)

Issued but not yet effective HKFRSs (Continued)

Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 "Leases" replaced HKAS 17 and three related Interpretations.

As disclosed in note 2.13, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of PLBs which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated income statement over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 on 1 April 2019 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information will not be restated. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group plans to use the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

Upon the initial application of HKFRS 16, the Group plans to measure the rights-of-use assets at an amount equal to the lease liability (subject to certain adjustments) and both of the expected opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to HK$94,633,000, after taking account the effects of discounting, as at 1 April 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2019 onwards.

For the year ended 31 March 2019

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.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.17. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates and assumptions as stated in note 20. These estimates and assumptions relate to future events and circumstances and the actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. As at 31 March 2019, the net carrying amount of goodwill is HK$22,918,000 (2018: HK$22,918,000). No impairment was provided during the years ended 31 March 2019 and 2018.

Estimated fair value of PLB licences

The PLB licences were revalued on an open market basis on 31 March 2019 by independent qualified valuers with reference to recent market-quoted prices. As described in note 16, the estimation of fair value also includes assumptions such as government policies for PLB businesses remained unchanged and continuous existence of an open market for PLB licences. The fair value of PLB licences was HK$198,000,000 as at 31 March 2019 (2018: HK$273,900,000).

Estimated impairment of public bus licences

The Group tests annually whether public bus licences have suffered any impairment in accordance with the accounting policy stated in note 2.17. The recoverable amount has been determined based on value in use calculations. These calculations require the use of estimates as stated in note 17. As at 31 March 2019, the net carrying amount of public bus licences is HK$15,184,000 (2018: HK$9,284,000). No impairment was provided for public bus licences during the years ended 31 March 2019 and 2018.

Estimation of impairment of trade and other receivables within the scope of ECL upon application of HKFRS 9

Since the initial adoption of HKFRS 9, the Group makes allowances on items subjects to ECL, including trade and other receivables, based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period as set out in note 2.11.

Before the adoption of HKFRS 9, the policy for impairment of trade receivables and other receivables of the Group was based on the evaluation of collectability and the ageing analysis of the receivables and on the management's judgment. A considerable amount of judgment was required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. The carrying amounts of trade and other receivables at each balance sheet date are disclosed in note 21.

5. SEGMENT INFORMATION

The executive directors regard the Group's franchised PLB and residents' bus services as the only operating segment and assess the operating performance and allocate the resources of the Group as a whole. Accordingly, no separate analysis of the reportable segment results and assets is presented.

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

No individual customer contributed over 10% of the Group's revenue for the years ended 31 March 2019 and 31 March 2018.

For the year ended 31 March 2019

6. REVENUE

The Group is principally engaged in provision of the franchised PLB and residents' bus services in Hong Kong. The Group's revenue represents the amount received and receivable for provision of these services during the year.

The Group derives all the revenue from provision of the franchised PLB and residents' bus services at a point in time during the year ended 31 March 2019.

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

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
Other revenue		
Advertising income	**3,978**	3,978
Administration fee income	**2,468**	2,495
Government subsidies (note)	**1,548**	604
Interest income	**246**	159
Management fee income	**198**	238
Repair and maintenance service income	**16**	15
	8,454	7,489
Other net income/(expense)		
Loss on disposal of property, plant and equipment	**(16)**	(197)
Sundry income	**157**	54
	141	(143)

Note: During the year ended 31 March 2019, the Group was entitled to receive subsidies of HK$1,548,000 (2018: HK$604,000) under the Government of HKSAR's Exgratia Payment Scheme ("EP Scheme") for the disposal of certain pre-Euro IV diesel commercial vehicles (the "Disposal"). The government grants to the Group were recognised as income in the consolidated income statement during the year of the Disposal and when the conditions under the EP Scheme were complied with.

8. FINANCE COSTS

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
Interest expenses on bank loans	**3,478**	3,155

9. LOSS BEFORE INCOME TAX

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
Loss before income tax is arrived at after charging:		
Fuel cost in direct costs	**54,162**	49,809
Operating lease rental in respect of		
– Land and buildings	**65**	62
– PLBs	**69,523**	73,439
Depreciation of property, plant and equipment	**3,172**	2,579
Auditor's remuneration		
– Audit services	**543**	532
– Non-audit services	**83**	246
Loss on disposal of property, plant and equipment	**16**	197

For the year ended 31 March 2019

10. INCOME TAX EXPENSE

	Year ended 31 March	
	2019 **HK$'000**	2018 HK$'000
Current tax		
– Hong Kong Profits Tax		
Current year	**4,102**	2,665
Over provision in respect of prior years	**(262)**	(213)
	3,840	2,452
Deferred tax		
Current year	**1,074**	442
Total income tax expense	**4,914**	2,894

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the 'Bill') which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong Profits Tax of one of the Group entities was calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group not qualifying for the two-tiered profits tax rates regime continued to be taxed at the rate of 16.5%.

For the year ended 31 March 2018, Hong Kong Profits Tax has been provided at a flat rate of 16.5% on the estimated assessable profits for the year.

Reconciliation between income tax expense and accounting loss at applicable tax rate:

	Year ended 31 March	
	2019 **HK$'000**	2018 HK$'000
Loss before income tax	**(38,344)**	(26,409)
Tax at Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	**(6,327)**	(4,357)
Tax effect of two-tiered tax regime	**(165)**	–
Tax effect of non-deductible expenses	**11,858**	7,521
Tax effect of non-taxable revenue	**(192)**	(81)
Tax effect of tax losses not recognised	**2**	23
Overprovision in respect of prior years	**(262)**	(213)
Others	**–**	1
Income tax expense	**4,914**	2,894

For the year ended 31 March 2019

11. DIVIDENDS

Dividends attributable to the year

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Proposed special dividend of HK8.0 cents (2018: HK5.0 cents) per ordinary share	**21,753**	13,596

The special dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained earnings for the year ended 31 March 2019. No final dividend was declared for the years ended 31 March 2019 and 2018.

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

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Special dividend of HK5.0 cents (2018: Final dividend of HK10.0 cents) per ordinary share in respect of the previous financial year	**13,596**	27,191

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$43,258,000 (2018: HK$29,303,000) and on the weighted average number of 271,913,000 (2018: 271,490,000) ordinary shares in issue during the year ended 31 March 2019.

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the years ended 31 March 2019 and 2018. The potential shares arising from the conversion of the Company's share options would decrease the loss per share attributable to equity holders of the Company and is not taken into account as they had anti-dilutive effects.

13. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Salaries and allowances	**192,177**	193,161
Contributions to defined contribution plans	**6,418**	6,692
	198,595	199,853

For the year ended 31 March 2019

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	Fees HK$'000	Salaries, allowances, bonus and benefits HK$'000	Discretionary bonuses HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
For the year ended 31 March 2019					
Executive directors					
Mr. Wong Ling Sun, Vincent	960	80	100	18	1,158
Ms. Ng Sui Chun	840	70	100	–	1,010
Mr. Chan Man Chun (note (v))	372	3,943	–	36	4,351
Ms. Wong Wai Sum, Maya	780	65	100	18	963
Non-executive director					
Ms. Wong Wai Man, Vivian (note (ii))	336	–	–	–	336
Independent non-executive directors					
Dr. Chan Yuen Tak Fai, Dorothy	336	–	–	–	336
Dr. Lee Peng Fei, Allen	336	–	–	–	336
Mr. Kwong Ki Chi	336	–	–	–	336
Total	4,296	4,158	300	72	8,826
For the year ended 31 March 2018					
Executive directors					
Mr. Wong Man Kit (note (i))	294	151	–	–	445
Ms. Ng Sui Chun	600	50	100	–	750
Mr. Chan Man Chun (note (v))	372	3,940	–	36	4,348
Mr. Wong Ling Sun, Vincent	840	70	100	18	1,028
Ms. Wong Wai Sum, Maya	780	65	100	18	963
Non-executive director					
Ms. Wong Wai Man, Vivian (note (ii))	199	–	–	–	199
Independent non-executive directors					
Dr. Chan Yuen Tak Fai, Dorothy	336	–	–	–	336
Dr. Lee Peng Fei, Allen	336	–	–	–	336
Mr. Kwong Ki Chi	336	–	–	–	336
Total	4,093	4,276	300	72	8,741

Notes:

(i) Mr. Wong Man Kit retired from his post as executive director of the Company on 29 August 2017.

(ii) Ms. Wong Wai Man, Vivian was appointed as non-executive director of the Company on 29 August 2017.

(iii) None of the directors has waived the right to receive their emoluments for the years ended 31 March 2019 and 2018.

(iv) No emolument was 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 2019 and 2018.

(v) Mr. Chan Man Chun is also the chief executive of the Group.

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2018: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2018: two) individuals, one (2018: one) of them is the member of the senior management) during the year are as follows:

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**1,892**	1,881
Discretionary bonuses	**392**	382
Contributions to retirement benefits schemes	**65**	65
	2,349	2,328

The emoluments of these two (2018: two) individuals fell within the following bands:

	Number of individuals Year ended 31 March	
	2019	2018
Emolument bands:		
Nil – HK$1,000,000	**–**	–
HK$1,000,001 – HK$1,500,000	**2**	2
	2	2

(c) Emoluments of senior management

Other than the emoluments of the five highest paid individuals, which include one (2018: one) member of the senior management, disclosed in note 14(b), the emoluments of the remaining members of the senior management for the year fell within the following band:

	Number of individuals Year ended 31 March	
	2019	2018
Emolument bands:		
Nil – HK$1,000,000	**2**	2

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15. PROPERTY, PLANT AND EQUIPMENT

	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 2018	18,547	7,074	7,158	23,026	4,766	60,571
Additions	–	279	246	7,455	787	8,767
Disposals	–	–	(199)	(1,722)	(107)	(2,028)
As at 31 March 2019	18,547	7,353	7,205	28,759	5,446	67,310
Accumulated depreciation						
As at 1 April 2018	8,522	6,196	5,902	11,768	2,751	35,139
Charge for the year	490	250	431	1,615	386	3,172
Disposals	–	–	(199)	(1,722)	(26)	(1,947)
As at 31 March 2019	9,012	6,446	6,134	11,661	3,111	36,364
Net book value						
As at 31 March 2019	9,535	907	1,071	17,098	2,335	30,946
Cost						
As at 1 April 2017	18,547	6,315	7,039	19,548	4,760	56,209
Additions	–	759	804	3,673	484	5,720
Disposals	–	–	(685)	(195)	(478)	(1,358)
As at 31 March 2018	18,547	7,074	7,158	23,026	4,766	60,571
Accumulated depreciation						
As at 1 April 2017	8,032	6,065	6,241	10,559	2,591	33,488
Charge for the year	490	131	346	1,243	369	2,579
Disposals	–	–	(685)	(34)	(209)	(928)
As at 31 March 2018	8,522	6,196	5,902	11,768	2,751	35,139
Net book value						
As at 31 March 2018	10,025	878	1,256	11,258	2,015	25,432

The net book value of property, plant and equipment was pledged as security for the Group's banking facilities (note 25) are as follows:

	Land and buildings HK$'000	PLBs HK$'000	Total HK$'000
At 31 March 2019	3,008	6,736	9,744
At 31 March 2018	3,186	2,099	5,285

For the year ended 31 March 2019

16. PLB LICENCES

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
At the beginning of the year	**273,900**	336,600
Deficit on revaluation charged to the consolidated income statement	**(71,493)**	(45,200)
Deficit on revaluation dealt with in revaluation reserve	**(4,407)**	(17,500)
At the end of the year	**198,000**	273,900

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 at the balance sheet date would have been HK$197,600,000 (2018: HK$269,093,000) had they been stated at cost less accumulated impairment losses.

As at 31 March 2019, certain PLB licences with an aggregate carrying amount of HK$123,000,000 (2018: HK$170,150,000) were pledged as security for the Group's banking facilities (note 25).

Fair value hierarchy

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

– Level 1 valuations: Fair value measured by using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured by using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured by using significant unobservable inputs.

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Recurring fair value measurement of PLB licences:				
As at 31 March 2019	**–**	**198,000**	**–**	**198,000**
As at 31 March 2018	–	273,900	–	273,900

During the years ended 31 March 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

At 31 March 2019 and 31 March 2018, the PLB licences were revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuer. The fair value of PLB licences was determined using the market approach with reference to the average of recent market-quoted prices from different market dealers. The key assumptions under such approach include the continuous existence of an open market for PLB licences and the status-quo of the trends, market conditions and government policies for PLB industry. The assumptions made are based on past performance and expectations on the market development.

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17. PUBLIC BUS LICENCES

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
At the beginning of the year		
Gross carrying amount	**11,384**	11,384
Accumulated impairment	**(2,100)**	(2,100)
	9,284	9,284
Net carrying amount		
At the beginning of the year	**9,284**	9,284
Addition	**5,900**	–
At the end of the year	**15,184**	9,284
At the end of the year		
Gross carrying amount	**17,284**	11,384
Accumulated impairment	**(2,100)**	(2,100)
	15,184	9,284

Public bus 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 and are stated in the consolidated balance sheet at cost less accumulated impairment losses.

The recoverable amount of the public bus licences is determined based on value in use calculation. Value in use calculation uses cash flow projections based on financial budgets covering a 5-year period. Assuming that the government policies for the public bus industry remain unchanged, the management determines the key assumptions including budgeted revenue and operating costs based on past performance of the public bus licences, the general price inflation in Hong Kong and the management's expectation on market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2.0% (2018: 2.0%) after consideration of the economic conditions of the market. The discount rate of 8.4% (2018: 7.9%) is pre-tax and derived by reference to the Capital Asset Pricing Model plus a risk premium reflecting specific risks related to the industry.

As at 31 March 2019, the recoverable amount of the public bus licences is higher than the carrying amount. No impairment was provided for public bus licences during the years ended 31 March 2019 and 2018.

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18. INTEREST IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2019 and 31 March 2018 are as follows:

Name of the company	Place of incorporation	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company	Principal activities and place of operation
Interest directly held:				
Gurnard Holdings Limited	The British Virgin Islands	US$10,000	100% (2018: 100%)	Investment holding in Hong Kong
Celestial Giant Limited	The British Virgin Islands	US$100	100 (2018: 100%)	Investment holding in Hong Kong
Interest indirectly held:				
Aberdeen Maxicab Service Company Limited	Hong Kong	HK$100	100 (2018: 100%)	Provision of franchised PLB transportation services and hiring of PLBs in Hong Kong
Capital Star Holdings Limited	Hong Kong	HK$10,000	100 (2018: 100%)	Provision of franchised PLB transportation services in Hong Kong
Central Maxicab Limited	Hong Kong	HK$1,600	100 (2018: 100%)	Provision of franchised PLB transportation services and hiring of PLBs in Hong Kong
Fastlink Transportation Limited	Hong Kong	HK$5	100 (2018: 100%)	Provision of franchised PLB transportation services in Hong Kong
Hong Kong Maxicab Limited	Hong Kong	HK$11,000	100 (2018: 100%)	Provision of franchised PLB transportation services and hiring of PLBs in Hong Kong
Kit Kee Transport Company Limited	Hong Kong	HK$100	100 (2018: 100%)	Provision of franchised PLB transportation services in Hong Kong
Sunning Transportation Limited	Hong Kong	HK$10,000	100 (2018: 100%)	Provision of franchised PLB transportation services in Hong Kong
Superlong Limited	Hong Kong	HK$10,000	100 (2018: 100%)	Provision of franchised PLB transportation services in Hong Kong
Southern District Motor Service Centre Limited	Hong Kong	HK$300,000	100 (2018: 100%)	Provision of repair and maintenance services for PLBs in Hong Kong
Tai Po (Fixed Route) Public Light Bus Co. Limited	Hong Kong	HK$32,000	100 (2018: 100%)	Provision of franchised PLB transportation services in Hong Kong

For the year ended 31 March 2019

18. INTEREST IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company	Principal activities and place of operation
Interest indirectly held:				
Eastern International Transport Engineering Limited	Hong Kong	HK$5	100 (2018: 100%)	Hiring of PLBs in Hong Kong
Global Win Transportation Limited	Hong Kong	HK$2	100 (2018: 100%)	Hiring of PLBs in Hong Kong

19. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Cost of investment in joint venture	**–***	–*
Share of post-acquisition profit/(loss) and other comprehensive income/(expense)	**747**	–*
Carrying amount of the investments in the joint venture in the consolidated financial statements	**747**	–
Amount due from a joint venture	**1,500**	1,500

* The amount is less than HK$1,000.

The amount due from a joint venture is unsecured, interest-free and repayable on demand.

As at 31 March 2019, details of the Group's interest in joint venture which is an unlisted corporate entity whose quoted market price is not available, are as follows:

Name of joint venture	Place of incorporation	Particulars of issued and paid up capital	Percentage of ownership interest held indirectly by the Company	Principal activities and place of operation
Starnet Media Group Company Limited	The British Virgin Islands	HK$10	50% (2018: 50%)	Provision of outdoor advertising service in Hong Kong

Starnet Media Group Company Limited ("Starnet") has a balance sheet date of 31 March.

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19. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE (Continued)

Set out below are the summarised financial information of Starnet which is accounted for using the equity method:

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Current assets	**8,092**	4,046
Non-current assets	**231**	290
Current liabilities	**(6,807)**	(4,845)
Non-current liabilities	**(22)**	–
Net assets/(liabilities)	**1,494**	(509)
Included in the above assets and liabilities:		
Bank balances and cash	**4,645**	2,899
Current financial liabilities (excluding trade and other payables and provisions)	**3,273**	4,602

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
Revenue	**18,892**	1,055
Profit/(Loss) and total comprehensive income/(expense) for the year	**2,003**	(509)
Reconciled to the Group's interest in a joint venture		
Net assets/(liabilities) of the joint venture	**1,494**	(509)
Proportion of ownership interests held by Group	**50%**	50%
Carrying amount of the investments in the joint venture in the consolidated financial statements	**747**	–

The Group has not incurred any contingent liabilities or other commitments relating to its investment in the joint venture.

20. GOODWILL

	As at 31 March	
	2019 HK$'000	2018 HK$'000
At the beginning of the year		
Gross carrying amount	**82,056**	82,056
Accumulated impairment	**(59,138)**	(59,138)
Net carrying amount	**22,918**	22,918
Net carrying amount at the beginning and at the end of the year	**22,918**	22,918
At the end of the year		
Gross carrying amount	**82,056**	82,056
Accumulated impairment	**(59,138)**	(59,138)
Net carrying amount	**22,918**	22,918

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20. GOODWILL (Continued)

As at 31 March 2019 and 31 March 2018, the carrying amounts of goodwill, net of any impairment loss, were allocated to four cash generating units ("CGUs") of franchised PLB services according to their separate operating rights.

The recoverable amounts of the CGUs are determined based on value in use calculation. The value in use calculation uses cash flow projections based on the financial budget covering a five-year period. Assuming that the government policies for PLB industry remain unchanged, the management determines the key assumptions including budgeted revenues, fuel costs, staff costs and other operating costs based on past performance of the CGUs, the general price inflation in Hong Kong and the management's expectation on market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2.0% (2018: 2.0%) after consideration of the economic conditions of the market. The discount rate of 10.6% (2018: 10.5%) is pre-tax and derived by reference to the Capital Asset Pricing Model plus a risk premium reflecting reflects specific risks relating to the industry and CGUs.

As at 31 March 2019 and 31 March 2018, the recoverable amounts of the CGUs were higher than their carrying amounts, and hence no impairment loss was recognised. Any reasonably possible changes in the key assumptions used in the value in use assessment model would not affect management's view on impairment as at 31 March 2019 and 31 March 2018.

A summary of the allocation of goodwill to the CGUs is as follows:

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Net carrying amount at the end of the year representing the operating right of franchised PLB service operated under:		
Central Maxicab Limited (note)	**13,800**	13,800
Others	**9,118**	9,118
	22,918	22,918

Note: Central Maxicab Limited is a wholly owned subsidiary of the Company which operates PLB routes 54, 54M and 55, running between Central, Kennedy Town and Queen Mary Hospital.

21. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Trade receivables		
Trade receivables – gross	**3,795**	3,039
Less: ECL allowance/Loss allowance	**–**	–
Trade receivables – net	**3,795**	3,039
Other receivables		
Other receivables – gross	**1,846**	2,260
Subsidy receivable – gross	**816**	–
Less: ECL allowance/Loss allowance	**–**	–
Other receivables – net	**2,662**	2,260
Deposits	**1,038**	617
Prepayments	**3,714**	3,512
	11,209	9,428

For the year ended 31 March 2019

21. TRADE AND OTHER RECEIVABLES (Continued)

The directors consider 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 revenue is attributable to franchised PLB services income which is received in cash or collected via Octopus Cards Limited and remitted to the Group on the next business day after the day in which services are rendered. The Group normally grants a credit term ranging from 0 to 30 days (2018: 0 to 30 days) to other trade debtors.

Based on the invoice dates (or date of revenue recognition if earlier), the ageing analysis of the trade receivables, net of ECL allowance (2018: net of loss allowance), was as follows:

	As at 31 March	
	2019 HK$'000	2018 HK$'000
0 to 30 days	**3,305**	2,962
31 to 60 days	**253**	76
61 to 90 days	**199**	1
Over 90 days	**38**	–
	3,795	3,039

22. BANK BALANCES AND CASH

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Cash at bank and in hand	**22,829**	22,230
Short-term bank deposits	**10,000**	16,000
	32,829	38,230

The interest rates on short-term bank deposits were 1.70% per annum (2018: 1.30% to 1.35%). These deposits have a maturity of 29 days (2018: 58 days to 88 days).

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

23. BORROWINGS

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Bank loans, secured		
Current	**29,674**	9,849
Non-current	**119,993**	149,595
Total borrowings	**149,667**	159,444

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

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23. BORROWINGS (Continued)

As at 31 March 2019, the Group's bank loans were repayable as follows:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Within one year	**29,674**	9,849
In the second year	**12,619**	29,735
In the third to fifth years	**23,863**	28,493
After the fifth year	**83,511**	91,367
	149,667	159,444
Less: Amounts shown under current liabilities	**(29,674)**	(9,849)
Amounts shown under non-current liabilities	**119,993**	149,595

The interest rates are principally on a floating rate basis and range from 2.01% to 2.38% per annum (2018: 1.83% to 2.25%).

The bank loans are secured by certain assets of the Group and guarantee provided by the Company (note 25).

24. TRADE AND OTHER PAYABLES

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Trade payables	**4,604**	4,968
Other payables and accruals	**28,312**	26,938
	32,916	31,906

The Group is granted by its suppliers credit periods ranging from 0 to 30 days (2018: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
0 to 30 days	**4,604**	4,968

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 values.

25. BANKING FACILITIES

As at 31 March 2019, the Group had banking facilities totalling HK$158,967,000 (2018: HK$168,744,000) of which approximately HK$149,667,000 (2018: HK$159,444,000) were utilised. These facilities were secured by:

(i) pledge of certain property, plant and equipment of the Group with net book value of HK$9,744,000 (2018: HK$5,285,000) (note 15);

(ii) pledge of certain PLB licences with carrying amount of HK$123,000,000 (2018: HK$170,150,000) (note 16); and

(iii) guarantee provided by the Company of HK$228,030,000 (2018: HK$228,030,000) (note 29).

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26. SHARE CAPITAL

	As at 31 March			
	2019		2018	
	Number in thousand	HK$'000	Number in thousand	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each				
At the beginning of the year	**271,913**	**27,191**	270,768	27,077
Exercise of share options (note 27)	**–**	**–**	1,145	114
At the end of the year	**271,913**	**27,191**	271,913	27,191

27. SHARE-BASED COMPENSATION

On 30 August 2013, the Company terminated the share option scheme adopted on 22 March 2004 (the "2004 Scheme") and adopted a new share option scheme (the "2013 Scheme") on the same date. Pursuant to the 2013 Scheme 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 26,612,500, representing 10% of the issued shares of the Company as at 30 August 2013, the date of approval of the 2013 Scheme. 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 outstanding under the 2004 Scheme and the 2013 Scheme and the weighted average price for the reporting years are as follows:

	As at 31 March			
	2019		2018	
	Number of options	Weighted average exercise price HK$	Number of options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**7,497,000**	**1.48**	8,735,000	1.45
Exercised	**–**	**–**	(1,145,000)	1.25
Lapsed	**–**	**–**	(93,000)	1.44
Outstanding at the end of the year	**7,497,000**	**1.48**	7,497,000	1.48
Exercisable at the end of the year	**7,497,000**	**1.48**	7,497,000	1.48

Notes:

(i) The share options granted on 23 September 2015 were granted under the 2013 Scheme, while those granted on 20 October 2011 were granted under the 2004 Scheme.

(ii) All outstanding share options were vested immediately on the date of grant.

(iii) The weighted average remaining contractual life of the outstanding share options at the balance sheet date was 3.9 years (2018: 4.9 years).

(iv) No share options were cancelled during the years ended 31 March 2019 and 2018.

(v) The weighted average share price for the share option exercised during the year ended 31 March 2018 at the date of exercise was HK$1.58.

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28. THE BALANCE SHEET OF THE COMPANY

	Notes	As at 31 March 2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries (note)		**99,322**	99,322
Current assets			
Amounts due from subsidiaries (note)		**259,807**	258,174
Prepayments and other receivables		**120**	120
Bank balances and cash		**119**	352
		260,046	258,646
Current liabilities			
Amount due to a subsidiary		**80,375**	65,438
Other payables		**1,204**	1,242
Tax payable		**1**	–
		81,580	66,680
Net current assets		**178,466**	191,966
Net assets		**277,788**	291,288
EQUITY			
Share capital	29	**27,191**	27,191
Reserves	29	**250,597**	264,097
Total equity		**277,788**	291,288

Approved and authorised for issue by the board of director on 27 June 2019.

Wong Ling Sun, Vincent
Chairman

Ng Sui Chun
Director

Note:

The Company assessed the recoverability of the carrying value of the interest in subsidiaries and the amounts due from subsidiaries at the balance sheet dates. The directors are of the opinion that the recoverable amounts of the interest in subsidiaries and amounts due from subsidiaries were higher than its carrying amounts as at 31 March 2019 and 31 March 2018.

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29. THE STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2018	**27,191**	**74,612**	**96,678**	**1,666**	**91,141**	**291,288**
Profit for the year	**–**	**–**	**–**	**–**	**96**	**96**
2018 special dividends (note 11)	**–**	**–**	**–**	**–**	**(13,596)**	**(13,596)**
As at 31 March 2019	**27,191**	**74,612**	**96,678**	**1,666**	**77,641**	**277,788**
As at 1 April 2017	27,077	73,100	96,678	1,881	118,221	316,957
Profit for the year	–	–	–	–	91	91
Exercise of share options	114	1,512	–	(195)	–	1,431
2017 final dividends (note 11)	–	–	–	–	(27,191)	(27,191)
Lapse of share options	–	–	–	(20)	20	–
As at 31 March 2018	27,191	74,612	96,678	1,666	91,141	291,288

As at 31 March 2019, distributable reserves of the Company amounted to HK$248,931,000 (2018: HK$262,431,000).

Contributed surplus represents the difference between the book values of the underlying net assets of the subsidiaries and the nominal value of the Company's shares issued at the time of the reorganisation for listing of the Company's shares in the Stock Exchange in 2004.

Financial Guarantee Contracts

As at 31 March 2019, the Company had executed corporate guarantees to secure general banking facilities granted to the subsidiaries which amounted to HK$228,030,000 (2018: HK$228,030,000). Under the guarantees, the Company would be liable to pay the banks if the banks are unable to recover the borrowings. At the balance sheet date, the outstanding balance of the borrowings was HK$149,667,000 (2018: HK$159,444,000) and this represents the Company's maximum exposure under the guarantee contracts. No provision for the Company's obligation under the financial guarantee contracts has been made as the directors considered that the fair value of these corporate guarantees were not significant and it was not probable that the repayment of borrowings would be in default.

30. DEFERRED TAX

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

	As at 31 March	
	2019 HK$'000	2018 HK$'000
At the beginning of the year	**(6)**	(448)
Charged to the consolidated income statement (note 10)	**1,074**	442
At the end of the year	**1,068**	(6)

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30. DEFERRED TAX (Continued)

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

	Accelerated depreciation allowance HK$'000	Tax losses HK$'000	Total HK$'000
As at 1 April 2018	**2,049**	**(2,055)**	**(6)**
Charged to the consolidated income statement	**952**	**122**	**1,074**
As at 31 March 2019	**3,001**	**(1,933)**	**1,068**
As at 1 April 2017	1,664	(2,112)	(448)
Charged to the consolidated income statement	385	57	442
As at 31 March 2018	2,049	(2,055)	(6)

Represented by:

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Deferred tax assets	**(1,003)**	(1,186)
Deferred tax liabilities	**2,071**	1,180
	1,068	(6)

31. OPERATING LEASE COMMITMENTS

As lessee

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases payable by the Group were as follows:

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Within one year	**5,619**	5,811

The Group leases PLBs and property under operating leases. The leases run for a period of 3 years. None of the leases included contingent rentals.

For the year ended 31 March 2019

31. OPERATING LEASE COMMITMENTS (Continued)

As lessor

As at 31 March 2019, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Within one year	**2,200**	1,989

Operating lease arrangements, regarding to advertising on PLBs run for a period of 2 years (2018: 1.5 years).

32. CAPITAL COMMITMENT

As at 31 March 2019, the Group had the following capital commitment:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Contracted but not provided for:		
– Property, plant and equipment	**12,293**	–

The capital commitment of the Group of HK$12,293,000 as at 31 March 2019 was mainly for purchasing new PLBs for replacing the aged ones.

33. RELATED PARTY TRANSACTIONS

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

(a) Key management compensation

	Year ended 31 March	
	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and benefits	**11,733**	11,618
Contributions to retirement benefits schemes	**126**	126
	11,859	11,744

For the year ended 31 March 2019

33. RELATED PARTY TRANSACTIONS (Continued)

(b) Related companies

Name of related companies	Nature of transactions	Year ended 31 March 2019 HK$'000	2018 HK$'000
Hong Kong & China Transportation Consultants Limited	PLB hire charges paid (note (i), (ii))	**21,161**	22,265
	Administration fee income received (note (i), (ii))	**748**	748
	Compensation for loss of PLB paid (note (i), (iii))	**25**	–
	Purchase scrap salvage of PLB (note (i), (iii))	**–**	10
Maxson Transportation Limited	PLB hire charges paid (note (i), (ii))	**23,894**	24,762
	Administration fee income received (note (i), (ii))	**840**	840
Big Three Limited	PLB hire charges paid (note (i), (ii))	**20,564**	21,596
	Administration fee income received (note (i), (ii)	**739**	739
	Compensation for loss of PLB paid (note (i), (iii))	**–**	325

Notes:

(i) All transactions were entered into between the Group and the related companies in which Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, the directors of the Company, are the directors and major shareholders. Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian, the directors of the Company, also has directorship and beneficial interest in some of these related companies. Mr. Wong Man Kit, who resigned as a director of the Company as at 29 August 2017, was a director and shareholder of these related companies.

(ii) The related party transactions disclosed above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(iii) The related party transactions also constitute connected transactions as defined in Chapter 14A of the Listing Rules but are exempted from the disclosure requirements in Chapter 14A.76(1) of the Listing Rules.

(iv) The related party transactions were conducted in the Group's normal course of business and at mutually agreed prices and terms.

(c) Joint venture

The outstanding balance with the joint venture is disclosed in note 19.

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34. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
Loss before income tax	**(38,344)**	(26,409)
Adjustments for:		
Depreciation of property, plant and equipment	**3,172**	2,579
Deficit on revaluation of PLB licences	**71,493**	45,200
Share of results of a joint venture	**(747)**	–
Interest income	**(246)**	(159)
Finance costs	**3,478**	3,155
Government subsidies	**(1,548)**	(604)
Loss on disposal of property, plant and equipment	**16**	197
Operating profit before changes in working capital	**37,274**	23,959
Changes in working capital:		
Trade and other receivables	**(965)**	(1,185)
Trade and other payables	**1,010**	6,371
Cash generated from operations	**37,319**	29,145

(b) Changes in liabilities arising from financing activities

	Borrowings HK$'000
As at 1 April 2018	**159,444**
Repayment of borrowings	**(9,777)**
As at 31 March 2019	**149,667**
As at 1 April 2017	175,727
Proceeds from new borrowings	5,800
Repayment of borrowings	(22,083)
As at 31 March 2018	159,444

35. FINANCIAL RISK MANAGEMENT

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 joint venture, bank balances and cash, borrowings and trade and other payables. The Group has not used any derivatives and other instruments for hedging purposes. During the years ended 31 March 2019 and 2018, 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, fuel 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.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

For the year ended 31 March 2019

35. FINANCIAL RISK MANAGEMENT (Continued)

35.1 Categories of financial instruments

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables	**7,495**	–
– Amount due from a joint venture	**1,500**	–
– Bank balances and cash	**32,829**	–
Loans and receivables		
– Trade and other receivables	**–**	5,916
– Amount due from a joint venture	**–**	1,500
– Bank balances and cash	**–**	38,230
	41,824	45,646
Financial liabilities		
Financial liabilities at amortised cost		
– Borrowings	**149,667**	159,444
– Trade and other payables	**32,916**	31,906
	182,583	191,350

35.2 Foreign exchange risk

Foreign exchange 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.

35.3 Fuel price risk

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could have significant effect to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the board of director concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the years ended 31 March 2019 and 2018. The management will continue to closely monitor the changes in market condition.

For the year ended 31 March 2019

35. FINANCIAL RISK MANAGEMENT (Continued)

35.4 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, as well as adequate undrawn committed banking facilities to meet its liquidity requirements in the short term and longer term.

Analysed below is the Group's remaining contractual maturities for its 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.

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

	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
As at 31 March 2019						
Borrowings	**149,667**	**176,170**	**32,838**	**15,167**	**30,170**	**97,995**
Trade and other payables	**32,916**	**32,916**	**32,916**	**–**	**–**	**–**
	182,583	**209,086**	**65,754**	**15,167**	**30,170**	**97,995**
As at 31 March 2018						
Borrowings	159,444	187,288	12,981	32,669	34,964	106,674
Trade and other payables	31,906	31,906	31,906	–	–	–
	191,350	219,194	44,887	32,669	34,964	106,674

As at 31 March 2019, the Group had undrawn facilities totalling HK$9,300,000 (2018: HK$9,300,000) which were the overdraft facilities granted by the banks.

35.5 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 bank balances and borrowings. As at 31 March 2019 and 31 March 2018, the Group's bank balances and bank borrowings were carried on floating rate basis and were denominated in Hong Kong dollars.

As at 31 March 2019, it is estimated that if there was a decrease of 1% (2018: 1%) in interest rate, with all other variables remaining constant, the Group's consolidated equity and loss after tax would have increased and decreased by approximately HK$1,166,000 respectively (2018: HK$1,197,000). The same percentage increase in interest rate would have the same magnitude on the Group's loss for the year and equity but of opposite effect. The assumed changes in interest rate represent management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

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.

For the year ended 31 March 2019

35. FINANCIAL RISK MANAGEMENT (Continued)

35.6 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 35.1 above.

The Group has no significant concentrations of credit risk because of its diverse customer base. Majority of the income receipt of the Group is on cash basis or collected via Octopus Cards Limited and remitted to the Group on the next business day after the day in which services are rendered.

Effective on 1 April 2018

(i) Trade receivables

The Group has applied the simplified approach to assess the ECL as prescribed by HKFRS 9. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the past due days. In calculating the ECL rates, the Group considers historical elements and forward looking elements. Assessed lifetime ECL rate of trade receivables is minimal for all ageing bands as there was no recent history of default and continuous payments were received. The Group determined that the ECL allowance in respect of trade receivables for the year ended 31 March 2019 is minimal as there has not been a significant change in credit quality.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

(ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits, amount due from a joint venture and bank balances and cash. In order to minimise the credit risk, the management of the Group would make periodic collective and individual assessment on the recoverability of other receivables and deposits and amount due from a joint venture based on historical settlement records and past experience as well as current information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables and deposits and amount due from a joint venture are considered to be low.

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables and deposits and amount due from a joint venture since initial recognition as the risk of default is low and, thus, the ECL for other receivables and deposits and amount due from a joint venture are minimal under the 12-month ECL method.

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

For the year ended 31 March 2019

36. 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.

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. 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, 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:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Short term borrowings	**29,674**	9,849
Long term borrowings	**119,993**	149,595
	149,667	159,444
Bank balances and cash	**(32,829)**	(38,230)
Net debts	**116,838**	121,214
Total equity	**128,120**	189,381
Net debt-to-equity ratio	**91%**	64%

GROUP FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2019 HK'000	2018 HK'000	2017 HK'000	2016 HK'000	2015 HK'000
Revenue	**392,924**	383,797	377,663	371,278	356,449
Direct costs	**(324,526)**	(327,907)	(303,844)	(299,015)	(310,287)
Gross profit	**68,398**	55,890	73,819	72,263	46,162
Other revenue	**8,454**	7,489	8,766	8,213	8,268
Other net income/(expense)	**141**	(143)	373	910	559
Administrative expenses	**(40,065)**	(39,675)	(38,677)	(36,968)	(32,882)
Other operating expenses	**(1,048)**	(1,615)	(1,167)	(1,082)	(1,407)
Operating profit	**35,880**	21,946	43,114	43,336	20,700
Deficit on revaluation of PLB licences	**(71,493)**	(45,200)	(3,280)	(2,100)	(10,500)
Provision for impairment of public bus licences	**–**	–	–	(2,100)	–
Provision for impairment of goodwill	**–**	–	–	–	(27,151)
Finance costs	**(3,478)**	(3,155)	(3,099)	(2,967)	(3,142)
Share of results of a joint venture	**747**	–	–	–	–
(Loss)/Profit before income tax	**(38,344)**	(26,409)	36,735	36,169	(20,093)
Income tax expense	**(4,914)**	(2,894)	(6,319)	(6,743)	(2,809)
(Loss)/Profit attributable to equity holders of the Company	**(43,258)**	(29,303)	30,416	29,426	(22,902)

ASSETS AND LIABILITIES

	As at 31 March				
	2019 HK'000	2018 HK'000	2017 HK'000	2016 HK'000	2015 HK'000
Total assets	**314,708**	382,068	465,097	421,357	406,445
Total liabilities	**186,588**	192,687	203,153	167,676	169,057

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