AMS 進智公交

AMS PUBLIC TRANSPORT HOLDINGS LIMITED
進 智 公 共 交 通 控 股 有 限 公 司

(Stock Code 股份代號：77)

Moving steadily ahead
持續穩步向前

AMS 進智公交

Contents

Company Information

Board of Directors

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

* *Independent Non-Executive Directors*

Authorised Representatives

Mr. Wong Man Kit
Mr. Chan Man Chun

Audit Committee

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

Company Secretary

Ms. Wong Ka Yan

Registered Office

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

Head office and principal place of business in Hong Kong

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

Hong Kong share registrar and transfer office

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

Principal Bankers

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

Legal Advisers

W. K. To & Co.

Auditors

Grant Thornton
Certified Public Accountants

Corporate Profile

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

With over 37 years of experience in the local franchised PLB transportation sector, the Group is one of the leading franchised PLB operators in Hong Kong. Currently, the Group operates 59 Green Minibus ("GMB") routes with 374 GMBs. The Group's GMB fleet is well-equipped with state-of-the-art facilities, in particular, the long-wheeled GMBs that offer spacious seats to give enhanced sitting comfort for passengers.

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

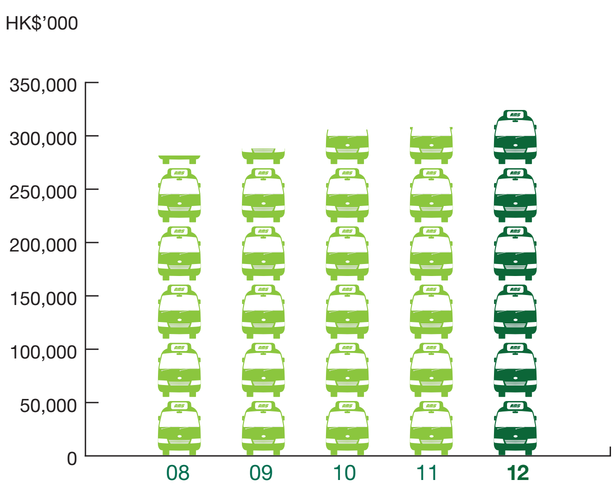
Devoted to serving a wider spectrum of the traveling public, the Group continued to expand its service network by acquiring 7 GMB routes during the year ended 31 March 2012. The Group is determined to increase its market share by actively exploring investment opportunities in the public transportation industry.

Financial and Operating Highlights

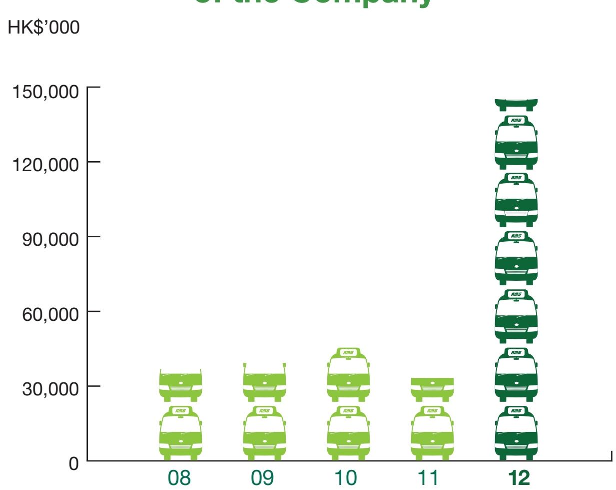
Financial Highlights	Unit	2012	2011	Change
Continuing operation:				
Turnover	HK$'000	**334,447**	305,225	+9.6%
Operating profit	HK$'000	**14,038**	36,120	–61.1%
Finance costs	HK$'000	**1,776**	618	+187.4%
Profit for the year	HK$'000	**9,987**	29,488	–66.1%
Discontinued operation:				
Profit for the year	HK$'000	**130,401**	2,854	+4,469.1%
Profit attributable to equity holders of the Company	HK$'000	**140,253**	31,836	+340.5%
Basic earnings per share	HK cents	**54.14**	12.72*	+325.6%
Proposed final dividend per ordinary share	HK cents	**3.0**	12.0	–75.0%
Proposed special dividend per ordinary share	HK cents	**8.0**	—	N/A
Special interim dividend paid per ordinary share	HK cents	**10.0**	—	N/A
Total assets	HK$'000	**548,313**	510,613	+7.4%
Borrowings	HK$'000	**129,115**	56,907	126.9%
Shareholders' equity	HK$'000	**392,904**	303,003	+29.7%
Net cash inflow from operating activities	HK$'000	**15,177**	47,723	–68.2%

* the figure was restated to reflect the effect of bonus shares issued on 20 September 2011.

Turnover



Profit attributable to equity holders of the Company



Financial and Operating Highlights

Financial Highlights (Continued)	2012	2011
Gross profit margin of continuing operation	13.2%	19.7%
Net profit margin of continuing operation (profit attributable to equity holders/turnover)	3.0%	9.7%
Interest cover of continuing operation (operating profit/finance costs)	7.9	58.4
Liquidity ratio (current assets/current liabilities)	3.52	2.42
Gearing ratio (total liabilities/shareholders' equity)	39.6%	61.8%
Return on equity (profit attributable to equity holders/ shareholders' equity)	35.7%	10.5%

Operating highlights	Unit	2012	2011	Change
Number of GMBs in service		374	309	+21.0%
Number of GMB routes		59	50	+18.0%
Number of passengers carried	million	59.5	55.7	+6.8%
Number of journeys travelled	million	4.21	3.95	+6.6%
— percentage of the journeys travelled surpassing the total number of scheduled journeys required by Transport Department		35.9%	38.7%	-2.8%
Total mileage operated	million kilometers	42.5	39.1	+8.7%
Rate of accidents (Note 1)	per million kilometers	2.7	2.0	+35.0%
Average fleet age	years	8.6	7.7	+11.7%

Notes:

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

Chairman's Statement

I am pleased to present to you the annual results of the Group for the financial year ended 31 March 2012.

Results for the Year

For the year ended 31 March 2012, the Group recorded a historically high profit attributable to the equity holders of HK$140,253,000, representing a substantial increase of 340.5% or HK$108,417,000 compared with HK$31,836,000 in 2011. The results for the year included a gain of HK$127,498,000 on disposal of the Group's entire interest in the cross-boundary public bus business (the "Disposal") and a profit of HK$2,768,000 from this discontinued operation. Disregarding the results from the Disposal and the discontinued operation, the results of the franchised PLB operation, however, dropped by 66.1% or HK$19,501,000 to HK$9,987,000 (2011: HK$29,488,000), which was mainly owing to the hiking international fuel prices and inflating operating costs.

Earnings and Dividends

Basic earnings per share (for both continuing and discontinued operations) for the year rose by approximately 3.3 times to HK54.14 cents per ordinary share (2011 (restated): HK12.72 cents per ordinary share). The board of directors (the "Board") recommended a final dividend of HK3.0 cents per ordinary share (2011: HK12.0 cents per ordinary share) and a special dividend of HK8.0 cents per ordinary share, totaling HK$29,274,000 (2011 (restated): HK$29,010,000) for the year ended 31 March 2012. Together with the special interim dividend of HK10.0 cents per ordinary share paid on 16 December 2011, the total amount of dividends declared for the year is HK21.0 cents per ordinary share, representing a total distribution for the year of HK$55,887,000 and a payout ratio of about 39.8% (2011 (restated): 91.1%[Note]).

Review of Operation

As a transportation necessity to the general public, the demand for franchised PLB services remained stable during the year under review. Same as other transportation operators, the business environment of the minibus industry has been facing the threat from the upsurge in fuel prices and inflating operating costs including labour costs and repair and maintenance expenses, etc. in recent years. Apart from improving the efficiency of the fleet to optimize operating costs, we are also looking for ways to boost the revenue. Starting from early December 2011, certain fare increase applications have been approved by Transport Department and we expect that the positive effect brought by the fare rise will be fully reflected in the next financial year. In addition to fare rise, we have been actively looking for acquisitions of routes which can potentially bring synergy to the existing routes.

During the year under review, we have completed the acquisitions of the entire interests in Hong Kong Maxicab Limited ("HKM") and Central Maxicab Limited ("CML"). As at 31 March 2012, HKM operated 4 routes with 31 GMBs running between Central/Causeway Bay and the Southern District, while CML operated 3 routes with 25 GMBs running between Central and the Southern District. As the dominant GMB operator in the Southern District of Hong Kong, the acquisitions of HKM and CML enable the Group to further expand its local franchised minibus network, thereby maximizing the synergy effect to the operation and strengthening the Group's share in the market as a whole. As a result of the acquisitions, the number of routes operated by the Group increased to 59 (2011: 50) as at 31 March 2012 and the number of GMBs operated by the Group also increased by 65 GMBs to 374 GMBs (2011: 309 GMBs) as at 31 March 2012.

Note: The total amount of dividends paid and the payout ratio for the year ended 31 March 2011 were restated to include the dividends paid for the shares issued upon the exercise of share options after 31 March 2011.

Chairman's Statement

With the enlarged fleet size, the patronage grew by 6.8% during the year. The turnover of the franchised public light bus operation increased by 9.6% or HK$29,222,000 accordingly to HK$334,447,000 (2011: HK$305,225,000). However, the significant upsurge of international fuel prices continued to hit the net profit of the operation. The average diesel unit costs and liquefied petroleum gas ("LPG") unit costs jumped by 23% and 16% respectively. Coupled with increased consumption as a result of the enlarged fleet size, the fuel costs increased by 32.0% or HK$18,378,000 to HK$75,792,000 (2011: HK$57,414,000). The increase in fuel costs and other major operating costs like staff costs and PLB rental expenses, etc. exceeded the growth in turnover. Therefore, the net profit of the franchised public light bus operation dropped by 66.1% or HK$19,501,000 to HK$9,987,000 (2011: HK$29,488,000).

On 1 July 2011, the Company completed the Disposal to Trans-Island Limousine Service Limited ("TLS"), a wholly owned subsidiary of Kwoon Chung Bus Holdings Limited. The Disposal was a good opportunity for the Group to realise a material gain of HK$127,498,000. The cash sale proceeds from the Disposal of approximately HK$300,000,000 strengthened the cashflow of the Group and hence provided a strong backing for acquisitions and future capital expenditures of the Group.

Prospects

Looking forward, we anticipate that the passenger demand for the minibus services will remain stable. Coupled with the fare rise of 42 routes (up to the date of this annual report) ranging from 4.5% to 11.4% as approved by the Transport Department, we expect the turnover of the Group will grow steadily. On the operating costs side, we are glad to see that the international prices of crude oil have fallen recently by around 27% as compared with their peak in March 2012. The latest local diesel and LPG unit prices have also reduced by around 15% and 31% from their peak in 2012 respectively. Although the decrease in fuel prices would help the Group improve its performance, we cannot deny that the profit of the Group in the coming year will still be under stress due to the other inflating operating costs, especially the PLB rental expenses and staff costs. Therefore, we are cautious about the prospect of the coming financial year.

Nevertheless, the Group will continue to do its utmost to take every possible way to create the greatest value for the shareholders. Apart from continuing to enhance fleet efficiency and implement cost saving plans, we will take the following actions in response to the challenges:

— To propose rationalization and route restructuring plans to the Transport Department and the local communities in order to strengthen the services in terms of convenience and frequency of the routes with growing demand. The key focus of the route restructuring will be on the routes operated by HKM and CML as we believe that their potential synergy with other routes of the Group has not been fully reflected during the first year of acquisitions and can be further maximized in the coming future;

— To continuously support the proposal of increasing the number of seats on minibuses from 16 to 20 as advocated by the GMB Maxicab Operators General Association and the Hong Kong Scheduled (GMB) Licensee Association. With the operators' commitments to freezing fares, offering concessionary fares to the elderly and deploying environmentally-friendly vehicles, we believe that increasing the number of seats on minibuses to 20 is in any way a win-win solution for both the operators and the general public as the former could increase revenue without transferring the costs to the public and affecting road conditions while the latter could ease their burden of transportation expenses under inflation;

— To join hands with the trade associations to demand the Government to extend the new concessionary fare scheme, which will enable the elderly aged 65 or above and eligible people with disabilities to travel on the general MTR lines, franchised buses and ferries anytime at a concessionary fare of $2 per trip, to the minibus sector; and

Chairman's Statement

— To pro-actively study the feasibility of deploying fuel saving minibuses. Fuel cost is the second largest operating cost to the business but the fuel prices are beyond our control. We have been trying to explore any possibilities to reduce the fuel consumption without affecting the operational efficiency. The fleet will deploy eight hybrid electric minibuses for trial in the second half of the next financial year and we hope that the result of the trial will be satisfactory for both operational efficiency and cost saving.

We hope that the above measures would mitigate the impact brought by the escalating costs. In case the operating costs continue to climb, we will have no choice but to consider applying for further fare rise in order to maintain the service and profitability of the Group.

Appreciation

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

Wong Man Kit
Chairman
Hong Kong, 28 June 2012

Management Discussion and Analysis

Review of Franchised PLB Operation

- On 1 April 2011 and 1 November 2011, the Group completed the acquisitions of the entire shareholding in HKM and CML respectively. As at 31 March 2012, HKM operated 4 routes with 31 GMBs running between Central/Causeway Bay and the Southern District, while CML operated 3 routes with 25 GMBs running between Central and the Southern District. As the dominant GMB operator in the Southern District of Hong Kong, the acquisitions of HKM and CML enable the Group to further expand its local franchised minibus network, thereby maximizing the synergy effect to the operation.

- The number of routes operated by the Group increased to 59 (2011: 50) as at 31 March 2012. Accordingly, the number of GMBs operated by the Group also increased by 65 GMBs to 374 GMBs (2011: 309 GMBs) as at 31 March 2012. Of the 65 GMBs increased, 56 were deployed for the newly acquired routes operated by HKM and CML and the remaining 9 were deployed for the other routes. As a result of the expansion of the fleet, the patronage of the franchised PLB operation grew by 6.8% to 59.5 million (2011: 55.7 million) whilst the total traveled mileage increased to around 42.5 million kilometers (2011: 39.1 million kilometers).

- In order to mitigate the impact brought by the surging international fuel prices, the Group has submitted a number of applications for fare adjustment to the Transport Department since October 2010. The Transport Department finally gave the green light during the year. Starting from early December 2011 and up to 31 March 2012, the fares of 26 routes have been raised at rates ranging from 4.5% to 10.0%. The management expects that the positive effect brought by the fare increase will be fully reflected in the next financial year.

- The average fleet age increased to 8.6 years as at 31 March 2012 (2011: 7.7 years). The replacement plan for aged minibuses has been suspended since the financial year 2009/10 because the management is of the opinion that there is no fit model of minibuses in the market at the moment. We will further discuss this issue in the section “Sustainability”.

Management Discussion and Analysis

Safety Awareness

Safety of the passengers is the primary concern of the Group. As a responsible public transport service provider, the management believes that safety is the cornerstone to business success. In addition to its commitment to upgrading vehicle quality, the Group has implemented comprehensive maintenance programmes to ensure proper checking and maintenance of the vehicles. In order to ensure the quality and effectiveness of the repairing process, the Group has put great efforts into the computerisation of the repairing management system in recent years. The Group has been rewarded the ISO 9001:2008 quality management system certification for its dedication to enhance its repairing and maintenance centres since January 2011, making the Group the only franchised PLB operator in Hong Kong having such a prestigious accreditation.

The Group organised courses and seminars on customer service, insurance and 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. These programmes were designed to minimise the occurrence of accidents as we are committed to maintaining a low level of accident rates.

For the year ended 31 March 2012, the accident rate was 2.7 per million kilometers (2011: 2.0 per million kilometers) for the franchised PLB operation. The accident rate increased because the overall quality of captains was affected by the shortage of supply of quality captains in the market. Apart from enhancing the new captains' safety awareness by strengthening their orientation training, the management also tackled this issue by adjusting the captains' pay twice during the year with the average accumulated pay rise being around 11.4%, in the hope of increasing the attractiveness of the captains' remuneration and minimizing the captains' turnover.

Corporate Social Responsibility

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

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

Sustainability

The Group is dedicated to environmental protection and sustainable development for the betterment of our next generation. To improve air quality, the whole fleet of vehicles adopts Euro V diesel or LPG and the captains are also required to strictly follow the legal requirements of switching idling engines.

To support the environmental protection policy of the Government, new Euro IV diesel minibuses, as advocated by the Government, have been introduced to our minibus fleet since July 2007. Although it is said that the Euro IV diesel engines meet the latest international emission standards, a special feature of them (and also the Euro V diesel engines) has caused the Group to halt further upgrading of its old minibuses to the Euro IV or even Euro V diesel engine model.

The Euro IV and Euro V diesel minibuses contain an enhanced cleansing function to remove diesel particles accumulated in the vehicles. This cleansing procedure has to be carried out if the diesel particles have accumulated to a designated level; otherwise, the minibus will fail to function properly. However, such cleansing procedure requires the minibus to be motionless for at least 20 minutes or

Management Discussion and Analysis

sometimes even up to 1 hour. This unpredictable and time consuming cleansing procedure lowered the Group's operational efficiency. Furthermore, some technical problems of the Euro IV and Euro V diesel minibuses also caused frequent breakdowns which increased the repairing costs of those minibuses and reduced operational efficiency. All these problems forced the Group to stop replacing aged minibuses with Euro IV/Euro V diesel minibuses starting from financial year 2009/10. The representatives of the minibus industry have expressed the industry's concern to the Government. However, the Government continues to maintain its policy of allowing the import of Euro IV/V diesel minibuses only without providing any technical support or solutions to the industry and prohibiting the import of other models of new diesel minibuses. Thus, the Group has no other option but to suspend its aged minibuses replacement plan and to wait for the introduction of new minibus models or the provision of technical solutions to the above problems by the vehicle manufacturers.

Despite the above problems found in Euro IV and Euro V diesel minibuses, the Group is still keen to look for reliable environmentally-friendly vehicles. After cooperating with the Hong Kong Productivity Council in a study to develop a plug-in hybrid vehicle, the Group is working with a local green innovation company in developing hybrid minibuses. Hopefully, eight new hybrid minibuses will be tested in the second half of financial year 2012/13.

Financial Review

Consolidated results for the year

During the year under review, profit for the year from continuing franchised PLB operation dropped by 66.1% to HK$9,987,000 (2011: HK$29,488,000) and profit for the year (after non-controlling interests) from discontinued cross-boundary public bus operation was HK$130,266,000 (2011: HK$2,348,000), mainly attributable to the net gain on the Disposal. The overall profit attributable to equity holders of the Company was HK$140,253,000 (2011: HK$31,836,000). Basic earnings per share was HK54.14 cents as compared with HK12.72 cents (restated) last year.

Continuing operation — franchised PLB operation

- During the financial year under review, the total patronage increased by 6.8% to 59.5 million (2011: 55.7 million), which was mainly contributed by the newly acquired routes of HKM and CML. HKM and CML, which were acquired by the Group on 1 April 2011 and 1 November 2011 respectively, altogether operated 7 routes with 56 PLBs, representing approximately 15.0% of the total fleet size as at 31 March 2012.

- In addition to the growth in patronage, the average fare per passenger also increased as compared with last year owing to the fare rise in certain routes commencing from early December 2011 and higher fare per passenger contributed by the routes of HKM and CML. Up to 31 March 2012, the fares of 26 routes have been raised at rates ranging from 4.5% to 10.0% and the overall effect to the total turnover of the year was around 1%. As a result, the turnover of the franchised PLB operation grew by 9.6% or HK$29,222,000 to HK$334,447,000 (2011: HK$305,225,000).

- Although the turnover increased by HK$29,222,000 to HK$334,447,000, the operating profit fell by 61.1% or HK$22,082,000 to HK$14,038,000 this year (2011: HK$36,120,000). The major reasons for the drop in operating profit were as follows:

  1. Fuel costs increased by 32.0% or HK$18,378,000 to HK$75,792,000 (2011: HK$57,414,000) due to the drastic rise in international fuel prices and the increase in consumption as a result of the enlarged fleet size. The average diesel unit costs and LPG unit costs jumped by 23% and 16% respectively. With the enlarged fleet size, the total travelled mileage increased by 8.7% to around 42.5 million kilometers (2011: 39.1 million kilometers) and the fuel consumption increased accordingly;

  2. Total staff costs increased by 18.3% or HK$21,650,000 to HK$139,854,000 (2011: HK$118,204,000), which was mainly due to the pay rise of 5.7% on weighted average to the captains and administrative staff and the increased headcount after enlarging the fleet size by 15.3% on average. In order to retain and recruit captains, the Group adjusted the captains' pay rate twice during the year and the average accumulated pay rise was approximately 11.4%.

Management Discussion and Analysis

3. PLB rental expenses increased by 10.1% or HK$5,984,000 to HK$65,322,000 (2011: HK$59,338,000), owing to the enlarged fleet size; and

4. A revaluation deficit of HK$2,750,000 was recorded as a result of the drop in market value of PLB licences as at 31 March 2012.

- Finance costs for the continuing operation were HK$1,776,000 (2011: HK$618,000). The increase was mainly due to the rise in the average borrowings after acquiring CML together with its borrowings of HK$77,107,000 on 1 November 2011.

- Income tax expenses for the continuing operation reduced to HK$2,275,000 (2011: HK$6,014,000), in line with the drop in profit before taxation. The effective tax rate for the year increased to 18.6% (2011: 16.9%), mainly because the deficit on revaluation of PLB licences of HK$2,750,000 was non-deductible according to the Hong Kong tax law.

Discontinued operation — cross-boundary public bus operation

On 27 April 2011, the Company entered into an agreement with TLS, whereby TLS agreed to acquire and the Company agreed to sell its entire shareholding interest in Elegant Sun Group Limited ("ESG"), a wholly owned subsidiary of the Company, at a consideration of HK$300,000,000 (subject to adjustment). ESG held an 80% shareholding interest in each of Chinalink Express Holdings Limited and Chinalink Transport Group Limited (together with their subsidiaries, collectively the "Chinalink Group"). The Chinalink Group was principally engaged in the provision of cross-boundary public bus services. The Disposal was completed on 31 July 2011. After the completion of the Disposal, the Group discontinued all its business in the cross-boundary public bus industry. The gain on the Disposal was HK$127,498,000. Please refer to note 36 to the consolidated financial statements on page 98 of this annual report for further details of the Disposal.

Cash flow

	2012 HK$'000	2011 HK$'000
Net cash from operating activities	**15,177**	47,723
Net cash from/(used in) investing activities	**112,832**	(52,432)
Net cash used in financing activities	**(40,765)**	(4,111)
Net increase/(decrease) in cash and cash equivalents	**87,244**	(8,820)

- The net cash from operating activities was HK$15,177,000, representing a drop of 68.2% or HK$32,546,000, as a result of the drop in operating profits by 61.1% as explained above. Please refer to note 34 to the consolidated financial statements on page 95 of this annual report for further details.

- The net cash inflow in investing activities of HK$112,832,000 mainly represented the net proceeds from the Disposal of HK$295,450,000, net of (i) the cash paid for the acquisition of CML of HK$137,804,000; (ii) cash contributed to ESG of HK$31,454,000; and (iii) cash paid for purchasing 2 PLB licences of HK$13,074,000.

- The net cash used in financing activities was HK$40,765,000. The main components include (i) the cash paid as dividends to the equity holders of the Company of HK$55,623,000; (ii) repayment of borrowings and interests which amounted to HK$6,675,000; and net of (iii) the cash received upon exercise of share options by the directors and the employees of HK$22,478,000. Please refer to the consolidated cash flow statement on page 50 of this annual report for cash flow movement details.

Management Discussion and Analysis

Capital Structure, Liquidity and Financial Resources

Liquidity and financial resources

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

The current ratio (current assets/current liabilities) increased to 3.52 at year end (2011: 2.42). The gearing ratio (total liabilities/shareholders' equity) as at year end reduced to 39.6% (2011: 61.8%), which was mainly attributable to the decrease in total liabilities of the Group and the increase in shareholders' equity after the Disposal.

As at 31 March 2012, the Group had bank facilities totaling HK$138,415,000 (2011: HK$192,996,000), of which HK$129,115,000 (2011: HK$139,017,000) were utilised.

Borrowings

As at 31 March 2012, the total borrowings balance was HK$129,115,000 (2011: HK$56,907,000). The significant increase in the borrowings balance was owing to the acquisition of CML, whose borrowings were HK$77,107,000 as at the date of the acquisition.

Bank balances and cash

As at 31 March 2012, the Group had bank balances and cash amounted to HK$108,067,000 (2011: HK$20,699,000). 96.3% (2011: 82.7%) of the bank balances and cash as at 31 March 2012 was denominated in Hong Kong dollars and the remaining bank balances and cash were denominated in Renminbi.

Credit risk management

The income of the franchised PLB operation of the Group is either received in cash or collected via Octopus cards by Octopus Cards Limited and remitted to the Group on the next business day. 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 the 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 borrowings. All borrowings as at 31 March 2012 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.

Pledge of assets

The pledged assets are as follows:

	As at 31 March 2012 HK$'000	As at 31 March 2011 HK$'000
PLB licences	**239,040**	104,300
Property, plant and equipment	**5,135**	4,591
Assets held for sale	**—**	65,677

Management Discussion and Analysis

Capital expenditure and commitment

During the year, the total capital expenditure was HK$262,953,000 (2011: HK$24,883,000), mainly for the acquisition of the goodwill, property, plant and equipment and PLB licences of HKM and CML which amounted to HK$246,476,000 and the purchase of 2 PLB licences of HK$13,074,000.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses of the franchised PLB operation incurred for the year were HK$139,854,000 (2011: HK$118,204,000), representing 42.4% (2011: 42.0%) of the total costs. Apart from the basic remuneration, double pay and/or a discretionary bonus were granted to eligible employees in accordance with the Group's performance and individual's contribution. Other benefits including share option scheme, retirement plan and training schemes were also provided to the staff members.

The headcount of the Group is as follows:

	As at 31 March 2012	As at 31 March 2011		
	Continuing operation	Continuing operation	Discontinued operation	Total
Captains	**1,154**	920	118	1,038
Administrative staff	**102**	85	199	284
Technicians	**44**	42	17	59
Total	**1,300**	1,047	334	1,381

Acquisitions completed during the year

- On 18 February 2011, the Group entered into a sale and purchase agreement with Mr. Ma Kiu Sang, Mr. Ma Kiu Mo and Mr. Ma Kiu Man, Vince to acquire the entire equity interest and the shareholders' loan in HKM at a consideration of HK$32,000,000. The acquisition of HKM was completed on 1 April 2011. As at 31 March 2012, HKM operated 4 routes with 31 PLBs running between Central/Causeway Bay and the Southern District. The goodwill arising from the acquisition of HKM was HK$31,987,000. The details of the acquisition of HKM are set out in note 35(a) to the consolidated financial statements on page 95 of this annual report.

- On 7 September 2011, the Group entered into a sale and purchase agreement with Mr. So Sai Hung, Mr. Lo Hon Keung, Ms. Ip Po Fun, Jessie, Ms. Yip Chun, Mr. Tsui Po Keung and Mr. So Chi Hung to acquire the entire equity interest in CML at a consideration of HK$215,000,000. As at 31 March 2012, CML owned 25 PLBs and PLB licences and operated 3 GMB routes with the 25 PLBs running between Central and Queen Mary Hospital/the Southern District. The acquisition of CML was completed on 1 November 2011. The goodwill arising from the acquisition of CML was HK$40,951,000. The details of the acquisition of CML are set out in note 35(b) to the consolidated financial statements on page 96 of this annual report.

Event after balance sheet date

After the balance sheet date, the Group purchased 7 PLB licences together with the 7 corresponding PLBs at a total consideration of HK$47,753,000 for operational purpose.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance and devoting considerable effort to identify and formalise best practices of corporate governance. The Company has also set up corporate governance practices to meet all code provisions and some of the recommended best practices in Appendix 14 "Code on Corporate Governance Practices" (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") which was then effective during the year ended 31 March 2012. The Company has met all the code provisions and some of the recommended best practices set out in the Code for the year ended 31 March 2012 and also adopted some of the amendments to the Code which have become effective since 1 April 2012. The major recommended best practices set out in the Code adopted by the Company during the year are summarised as follows:

- The Company has arranged appropriate insurance cover in respect of legal action against its directors ("Directors").
- The board committees have adopted the same principles, procedures and arrangements applicable to Board meetings as set out in code provisions A.1.1 to A.1.8 of the Code.
- A Nomination Committee has been formed since 2005 and its terms of reference include all those set out in A5 of the Code.
- The Company has adopted the internal control review guidelines set out in C2.3 of the Code.
- 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.

THE BOARD OF DIRECTORS

Composition of the Board

The Board is chaired by Mr. Wong Man Kit (the "Chairman"). The Board comprises five Executive Directors 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 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 Man Kit	C			
Ms. Ng Sui Chun	M			
Mr. Wong Ling Sun, Vincent	M			
Mr. Chan Man Chun	M			
Ms. Wong Wai Sum, May	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 the member of the relevant board committee

Corporate Governance Report

The respective responsibilities of the Board and the board committees set out above are discussed in this report.

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, material or connected transactions, director appointments or re-appointments, and dividends and accounting policies. The Board has delegated the authority of and responsibility for implementing the Group's business strategies and managing the daily operations of the Group's businesses to the Executive Committee. The Executive Committee comprises the five Executive Directors and is fully accountable to the Board.

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 spouse of the Chairman; (2) Mr. Wong Ling Sun, Vincent is the son of the Chairman and Ms. Ng Sui Chun and the brother of Ms. Wong Wai Sum, May; (3) Ms. Wong Wai Sum, May is the daughter of the Chairman and Ms. Ng Sui Chun and the sister of Mr. Wong Ling Sun, Vincent; and (4) Dr. Lee Peng Fei, Allen and Mr. Kwong Ki Chi both serve on the board of Giordano International Limited as independent non-executive directors. 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 change. Biographical details of the Directors as at the date of this annual report are set out on pages 26 to 27 of this annual report.

The Board reviews its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Group. Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders.

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. The company secretary of the Company (the "Company Secretary") assists the Chairman in setting 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 6 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.

Corporate Governance Report

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 special full Board meetings during the financial year 2011/12.

Attendance of the regular and special full Board meetings are as follows:

Executive Directors: Mr. Wong Man Kit, Chairman (7/8), Ms. Ng Sui Chun (8/8), Mr. Wong Ling Sun, Vincent (7/8), Mr. Chan Man Chun, the CEO (8/8) and Ms. Wong Wai Sum, May (4/4); Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (8/8), Dr. Chan Yuen Tak Fai, Dorothy (8/8) and Mr. Kwong Ki Chi (8/8). Ms. Wong Wai Sum, May did not attend the four full Board meetings held on or before 30 September 2011 because she had not yet been appointed as a member of the Board by the dates of the meetings.

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.

However, the Directors are of the view that they have overall and collective responsibilities in performing 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 on 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Nomination Committee regularly reviews the structure, size and composition of the Board to ensure its expertise and independence are maintained. A person may be appointed as 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.

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

During the financial year 2011/12, Ms. Wong Wai Sum, May was appointed as Executive Director on 30 September 2011. The appointment of Ms. Wong Wai Sum, May was considered and recommended by the Nomination Committee to the Board on 30 September 2011.

Corporate Governance Report

All 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 received 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. 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 with effect from 1 April 2012.

The procedures for shareholders to propose a person for election as a Director is 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. Mr. Chan is also an Executive Director.

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

The responsibilities of the Chairman:

- 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
- 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:

- 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.

Corporate Governance Report

DELEGATION BY THE BOARD

Executive Committee

The Executive Committee is chaired by the Chairman and comprises the other four Executive Directors. 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 a sound internal control system 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.

The terms of reference of the Executive Committee are available on the website of the Company.

Remuneration Committee

The Remuneration Committee is chaired by an Independent Non-Executive Director, Dr. Lee Peng Fei, Allen, and comprises the other 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 policy and structure for all Directors' and senior management remuneration 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, and to ensure the structure and the terms of the transactions comply with the law and are appropriately disclosed.

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

Corporate Governance Report

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. To avoid conflict of interests, no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the year, the Remuneration Committee performed the following work in two meetings:

- approved the remuneration package of a newly appointed Executive Director;
- reviewed the remuneration packages of all other Executive Directors and the senior management;
- approved the amendments to the terms of the Executive Directors' service contracts;
- made recommendations on the remuneration of Independent Non-Executive Directors;
- approved the performance-linked bonus and discretionary bonus to the CEO and other Executive Directors respectively; and
- reviewed all transactions between the Group and the Directors.

The attendance of the meetings was as follows: Dr. Lee Peng Fei, Allen (2/2), Dr. Chan Yuen Tak Fai, Dorothy (2/2) and Mr. Kwong Ki Chi (2/2).

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 Independent Non-Executive Directors is determined by the Board in consideration of the experience, expertise and the responsibilities involved. Please refer to note 16 to the financial statements for the emolument details of each Director and the five highest paid employees.

The Company has adopted a share option scheme in 2004 (the "Share Option Scheme") to grant options to selected participants as incentives for their contribution to the Group. Please refer to pages 34 to 38 for the details of the Share Option Scheme and the number of outstanding share options held by each Director.

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 and 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 by the internal and external auditors, the relevant fees and terms, the results of audits performed by the external auditors and the appropriate actions required on significant control weaknesses. It also considers the adequacy of resources, the qualifications and experience of staff in respect of the Group's accounting and financial reporting function, and their training programmes and budget. The Executive Directors and the external and internal auditors may also attend the Audit Committee meetings.

Corporate Governance Report

The major responsibilities of the Audit Committee are:

- being primarily responsible for making recommendations to the Board on the appointment, reappointment 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, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them;

- reviewing the Group's financial and accounting policies and practices, financial controls, internal control and risk management systems;

- discussing the internal control system with management to ensure that management has performed its duty to have an effective internal control system;

- 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 terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee held four meetings during the year to review and approve the interim and final results and financial statements, announcements and reports, review the internal control review reports, approve the internal audit plans, the appointment and remuneration of the external auditors. The attendance of the four meetings was as follows:

Mr. Kwong Ki Chi (4/4), Dr. Lee Peng Fei, Allen (4/4) and Dr. Chan Yuen Tak Fai, Dorothy (4/4).

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 Nomination Committee nominates and recommends to the Board candidates for filling vacancies in the Board. It also identifies and nominates qualified individuals, who are expected to have such expertise to make positive contribution to the performance of the Board, to be additional Directors or fill Board vacancies as and when they arise. The major responsibilities of the Nomination Committee are:

- reviewing the structure, size and composition (including the skills, knowledge and experience) 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; and

- 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.

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

Corporate Governance Report

The Nomination Committee held two meetings during the financial year to review the structure, size and composition of the Board, consider the re-appointment of Dr. Lee Peng Fei, Allen, an Independent Non-Executive Director who will have served the Board for over nine years if he is re-appointed, and consider the appointment of Ms. Wong Wai Sum, May as an Executive Director. Having considered Ms. Wong Wai Sum, May's expertise and past service in human resources function of the Group, the Nomination Committee recommended her appointment to the Board.

The attendance of the meetings was as follows: Dr. Chan Yuen Tak Fai, Dorothy (2/2), Dr. Lee Peng Fei, Allen (2/2) and Mr. Kwong Ki Chi (2/2).

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

The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the CEO on governance matters and should also facilitate induction and professional development of Directors.

The Company Secretary reports to the Chairman and/or the CEO. All Directors should have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.

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 2012, the total remuneration paid or payable to the external auditors was HK$631,000, being HK$515,000 for audit and HK$116,000 for tax related 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 state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended. In preparing the financial statements for the year ended 31 March 2012, 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 2012, 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 42 to 43 for details.

INTERNAL CONTROL AND INTERNAL AUDIT

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 unauthorized use or disposal, ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and manage rather than eliminate risks of failure in the Group's operation systems and in the achievement of the Group's business objectives.

Corporate Governance Report

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

- clearly defined organizational structure and duties and responsibilities of each employee;
- written code of conduct providing guidelines to the employees on their personal conduct and the ethical value requirements when carrying out business activities;
- stringent internal procedures on significant financial and business activities controls for minimizing the operational risk;
- monthly financial and operational reporting system for measuring and monitoring the performance of the Group;
- internal policies and/or guidelines on price-sensitive information disclosure, connected transactions reporting and approval, directors' securities transactions etc.;
- a whistle-blowing mechanism for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties related to the Group;
- bi-annual compliance check on the Code carried out by the Company Secretary;
- bi-annual internal control review carried out by the outsourced internal auditors for monitoring the effectiveness of the controls; and
- annual Board performance evaluation for the Directors to review and evaluate the overall performance of the Board in the past year.

The Board has the overall responsibility in implementing a sound internal control system and reviewing its effectiveness annually. For the year under review, the Board confirms that it has through the Audit Committee and the Internal Auditors (as defined below) conducted a review of the effectiveness of the Group's internal control system.

Internal Audit

The Group does not have internal audit department. The internal audit function has been outsourced to professionals in accountancy (the "Internal Auditors"), 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 terms 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 Chairman or the management. The Board has overall responsibilities to maintain a sound and effective internal control system of the Group.

The Internal Auditors provides an independent review of the adequacy and effectiveness of the internal control system. 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 internal control review covered the assessment of the effectiveness of the Group's internal control on corporate governance 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 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.

Corporate Governance Report

Any identified control weaknesses are addressed in the internal control review report. Draft internal control review reports are sent to the Executive Directors, the CEO and the senior management concerned for the management's comments and responses. The finalized internal control review reports are submitted to the Board and reviewed by the Audit Committee twice per year. For the year under review, the Board considers that the Group's material internal controls are adequate and effective and the Group has complied with the code provisions on internal control set out in the Code.

SECURITIES TRANSACTIONS

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

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

Having made specific enquiries, all Directors have confirmed that they have met the required standard set out in the Securities Code and the Model Code throughout the financial year under review. Directors' interests as at 31 March 2012 in the shares in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) are set out on pages 32 to 34 of this annual report.

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

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. 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 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 price-sensitive information disclosure guideline. However, in order to avoid selective disclosure and disclosing price-sensitive 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 would be proposed by the chairman of that meeting.

Corporate Governance Report

The Chairman and the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and any other committees (as appropriate) would attend the AGM and other relevant general meetings to answer questions raised by the shareholders. In their absence, the Chairman would invite another member of the committees to attend. These persons would 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.

The Company held an AGM and two extraordinary general meetings ("EGM") during the year, the attendance of which was as follows:

Executive Directors: Mr. Wong Man Kit, Chairman (3/3), Ms. Ng Sui Chun (3/3), Mr. Wong Ling Sun, Vincent (3/3), Mr. Chan Man Chun, the CEO (3/3) and Ms. Wong Wai Sum, May (1/1); Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (2/3), Dr. Chan Yuen Tak Fai, Dorothy (2/3) and Mr. Kwong Ki Chi (3/3). Ms. Wong Wai Sum, May did not attend the two general meetings held on or before 30 September 2011 because she had not yet been appointed as a member of the Board by the dates of the general meetings.

Convening General Meetings by Shareholders

Shareholders may convene an 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 (2) 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 twenty-one (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.

Directors and Senior Management Profile

Executive Directors

Mr. Wong Man Kit, MH, FCILT, aged 70, is one of the founders of the Group and the Chairman. Mr. Wong has over 37 years' experience in the operation of public transport business in Hong Kong and is responsible for formulating the overall business strategy and corporate development of the Group. Mr. Wong has been a fellow member of the Chartered Institute of Logistics and Transport ("CILT") in Hong Kong since 2000, and is the chairman of the Hong Kong Scheduled (GMB) Licensee Association, a member of The Chinese General Chamber of Commerce and a co-opted member of the Southern District Council. Mr. Wong is also the honorary president of The University of Hong Kong Foundation for Educational Development and Research. Mr. Wong has been granted the awards of "Medal of Honour" by the Hong Kong government in 2000 and "Ten Outstanding Young Person Award" by The Hong Kong Junior Chamber of Commerce in the Ten Outstanding Young Persons Selection in 1981, both in recognition of his outstanding performance and contribution.

Ms. Ng Sui Chun, aged 61, wife of Mr. Wong Man Kit, is the finance director of the Company and one of the founders of the Group. Ms. Ng has been actively involved in the management of the daily operations of the Group for over 37 years and is responsible for the implementation of corporate policy, particularly in the area of finance and administration of the Group. She also actively participates in charity activities, including being the chairman of the Aberdeen Women Compassion Association, a committee member of the Association for the Elders of Aberdeen, a member of Zhongshan Overseas Women Association and a committee member of The Tung Wah Group of Hospitals Aberdeen District Committee.

Mr. Wong Ling Sun, Vincent, aged 37, is the son of Mr. Wong Man Kit and Ms. Ng Sui Chun. Mr. Wong graduated from The University of Winnipeg with a bachelor of arts degree in economics. Prior to joining the Group, he worked for a large smart card system provider company in Hong Kong. He joined the Group in 2002 and is responsible for monitoring the operation and internal control of the Group. Mr. Wong is currently an elected member of the Southern District Council. He was appointed as Executive Director on 16 October 2004. Before that, he was a Non-Executive Director.

Mr. Chan Man Chun, MBA, aged 48, is the CEO and Executive Director. Mr. Chan is actively involved in the overall business operations and is responsible for the implementation of the corporate strategy of the Group. He graduated from The Hong Kong Polytechnic University and holds a master degree in business administration (MBA) from Brighton University. Mr. Chan is a spokesperson of the Environmental Light Bus Alliance and the Hong Kong Scheduled (GMB) Licensee Association. He is also a co-opted member of the Southern District Council, the chairman of the Southern District South Area Committee, the chairman of the Southern District Football Club and also the chairman of the Joint Committee for Southern District Community Programme Against Youth Drug Abuse. He joined the Group in July 1989 and was appointed as CEO on 1 April 2005.

Ms. Wong Wai Sum, May, BBA (HRM), MA (TranspPol & Plan), MIHRM (HK), CMILT, aged 36, is the daughter of Mr. Wong Man Kit and Ms. Ng Sui Chun. 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. She was appointed as Executive Director on 30 September 2011.

Directors and Senior Management Profile

Independent Non-Executive Directors

Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP, aged 72, 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 Giordano International Limited, ITE (Holdings) Limited, Playmates Holdings Limited, Wang On Group Limited and VXL Capital Limited, all of which are listed on the Stock Exchange. He was appointed as Independent Non-Executive Director in March 2004.

Dr. Chan Yuen Tak Fai, Dorothy, B.Soc.Sc, M.Soc.Sc, PhD, BBS, FCILT, aged 62, is currently the deputy director of School of Professional and Continuing Education of The University of Hong Kong ("HKU SPACE"). She was the vice principal of HKU SPACE Community College from 2002 to 2005. Before joining HKU SPACE, Dr. Chan was the Deputy Commissioner for Transport of the Hong Kong Government. Dr. Chan is a fellow of CILT in Hong Kong and served as the international vice president of CILT from 2002 to 2006. She is now the CILT International President Elect and will assume the role of President in 2013 for 2 years. Dr. Chan's current public service duties include serving as a member of both Advisory Committee on Environment and Social Welfare Advisory Committee of the Hong Kong Government, a board member of Hong Kong Research & Development Centre for Logistics and Supply Chain Management Enabling Technology Limited (LSCM) and also a member of the Board of Governors of the Hong Kong Institute for Public Administration. Dr. Chan holds a master of social sciences degree and a doctor of philosophy degree from The University of Hong Kong. She is currently a non-executive director of Hong Kong Tramways Limited. She was appointed as Independent Non-Executive Director in March 2010.

Mr. Kwong Ki Chi, GBS, JP, aged 61, is currently an independent non-executive director of another listed company, Giordano International Limited, and a private asset management company, mCapital investment management Limited. He has served in the Hong Kong government for 27 years and held positions principally in the economic and financial fields. Mr. Kwong was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Hong Kong government in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and first chief executive and retired in April 2003. Since then, Mr. Kwong had served as managing director of Hsin Chong International Holdings Limited and Hongkong Sales (Int'l) Limited and as director of Macau Legend Development Limited. Besides, Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Hong Kong government. Mr. Kwong graduated from The University of Hong Kong with a bachelor of science degree in physics and mathematics and was awarded a master of philosophy degree in economics and politics of development by the University of Cambridge, England. He was appointed as Independent Non-Executive Director in March 2011.

Directors and Senior Management Profile

Senior Management

Mr. Wong Man Chiu, MSc, aged 49, has been the engineering manager of the Group since 1993. He is responsible for the management of the Group's repair and maintenance centres. He holds a master degree in computer science from the University of Manchester in England and a bachelor of engineering degree in mechanical engineering with vehicle option from the Hatfield Polytechnic in England. He also obtained a higher certificate in mechanical engineering from The Hong Kong Polytechnic University. He joined the Group in 1993 and is the brother of Mr. Wong Man Kit.

Ms. Wong Ka Yan, HKICPA, LLB, aged 35, is the Company Secretary and financial controller 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 an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Prior to joining the Group, she had worked in an international accounting firm in auditing for 3 years. She was appointed as Company Secretary on 26 July 2005.

Mr. Wong Yu Fung, aged 34, is the operation manager of the Group. He holds a bachelor degree in transport and logistics management from RMIT University and a higher diploma in transport studies from the Hong Kong Institute of Vocational Education. Mr. Wong joined the Group in June 2000.

Directors' Report

The Board is pleased to present this annual report together with the audited financial statements of the Group to the shareholders for the year ended 31 March 2012.

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. The Group has disposed of the entire cross-boundary public bus transportation business during the year ended 31 March 2012.

Results and Dividends

The results of the Group for the year ended 31 March 2012 are set out in the consolidated income statement on page 44. The Directors recommend payment of a final dividend of HK3.0 cents per ordinary share (2011: final dividend of HK12.0 cents per ordinary share) and a special dividend of HK8.0 cents per ordinary share (2011: Nil) in respect of the year, to shareholders on the register of members on 6 September 2012.

A special interim dividend of HK10.0 cents per ordinary share (2011: Nil) was declared and paid to the shareholders on the register of members on 15 December 2011.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 28 to the financial statements respectively.

Donations

Charitable donations made by the Group during the year amounted to HK$85,000 (2011: HK$122,000).

Property, Plant and Equipment

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

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2012 are set out in note 20 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.

Issue of Bonus Shares

Bonus shares were issued on the basis of one bonus share for every ten existing ordinary shares held by the shareholders of the Company whose names were on the register of members on 19 September 2011. Details of the bonus issue are set out in note 26 to the financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2012 amounted to HK$365,252,000 (2011: HK$199,797,000).

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 104.

Directors' Report

Directors

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

Executive Directors:
Mr. Wong Man Kit
Ms. Ng Sui Chun
Mr. Wong Ling Sun, Vincent
Mr. Chan Man Chun
Ms. Wong Wai Sum, May (appointed on 30 September 2011)

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 Man Kit, Ms. Ng Sui Chun and Ms. Wong Wai Sum, May and the Independent Non-Executive Director Dr. Lee Peng Fei, Allen, will retire and, being eligible, offer themselves for re-election at the AGM. Dr. Lee Peng Fei, Allen completed his last appointment on 13 March 2012 and has been re-appointed until the AGM. If he is re-elected at the AGM, his appointment shall then continue and be subject to retirement by rotation and re-election at the subsequent AGMs in accordance with the Articles. As for the other 2 Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi, they have been appointed for a period of 3 years starting from 14 March 2010 and 14 March 2011 respectively.

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

Directors' Service Contracts

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

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

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

Directors' Report

Directors' Interests in Contracts

For the year ended 31 March 2012, some of the Directors had interests in the following contracts of significance subsisting during or at the end of the year to which the Company or any of its subsidiaries was a party:

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

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

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

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

Directors' Interests in Competing Business

Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent are directors and beneficial owners of Big Three Limited. Big Three Limited ceased its PLB transportation services on 23 March 2012. Prior to the cessation, Big Three Limited was engaged in the provision of PLB transportation services in Hong Kong, which constituted a competing business to the Group.

The Board has established procedures to identify any conflict of interests due to the directorships and ownership of Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent in Big Three Limited. If conflict of interests arises, Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May (being an associate of Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent) will abstain from voting on the Board.

Also, the Wong Family has entered into a deed of non-competition dated 22 March 2004, in which the Wong Family irrevocably undertakes to the Company that the Wong Family shall not carry on or be engaged in, concerned with or interested in, directly or indirectly, any transportation related business or investment unless such business or investment has been disclosed and first offered to the Company and rejected by the Company after being reviewed by the Independent Non-Executive Directors.

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

Directors' Report

Directors' Interests in Shares

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

As at 31 March 2012, the interests and short positions of the Directors in the shares and underlying shares in the Company and its associated corporations (within the meaning of the SFO) which are recorded in the register required to be kept under Section 352 of Part XV of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(1) The Company					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	157,677,000	59.24%
	Long position	Beneficial owner	Personal	2,453,000	0.92%
	Long position	Spouse of Ms. Ng Sui Chun	Family	11,025,300	4.14%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	157,677,000	59.24%
	Long position	Beneficial owner	Personal	11,025,300	4.14%
	Long position	Spouse of Mr. Wong Man Kit	Family	2,453,000	0.92%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	157,677,000	59.24%
	Long position	Beneficial owner	Personal	4,502,500	1.69%
	Long position	Spouse of Ms. Loo Natasha Christie	Family	352,000	0.13%
Mr. Chan Man Chun	Long position	Beneficial owner	Personal	3,954,500	1.49%
	Long position	Spouse of Ms. Chan Lai Ling	Family	220,000	0.08%
Ms. Wong Wai Sum, May (Note a)	Long position	Beneficiary of a discretionary trust	Other	157,677,000	59.24%
	Long position	Beneficial owner	Personal	2,497,000	0.94%
Dr. Lee Peng Fei, Allen	Long position	Beneficial owner	Personal	630,000	0.24%
Dr. Chan Yuen Tak Fai, Dorothy	Long position	Beneficial owner	Personal	630,000	0.24%
Mr. Kwong Ki Chi	Long position	Beneficial owner	Personal	630,000	0.24%
(2) Skyblue Group Limited					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	2	100%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	2	100%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	2	100%
Ms. Wong Wai Sum, May (Note a)	Long position	Beneficiary of a discretionary trust	Other	2	100%
(3) Metro Success Investments Limited					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	100	100%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	100	100%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	100	100%
Ms. Wong Wai Sum, May (Note a)	Long position	Beneficiary of a discretionary trust	Other	100	100%

Directors' Report

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

Directors' Report

Notes:

(a) As at 31 March 2012, a total of 157,677,000 shares in the Company were held by Skyblue Group Limited ("Skyblue"), which is a wholly owned subsidiary of Metro Success Investments Limited ("Metro Success"). Metro Success is a wholly owned subsidiary of JETSUN UT Company (PTC) Limited ("JETSUN"), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited ("HSBCITL") as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Man Kit is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May.

(b) Ms. Ng Sui Chun is one of the discretionary objects of the discretionary trust as mentioned in note (a) above and she personally held a long position of 11,025,300 shares as at 31 March 2012.

(c) All Wealth Limited ("All Wealth"), A.I. International Holdings Limited ("AIIH"), Maxson and HKCT (collectively the "Associated Corporations") are associated corporations of the Company within the meaning of Part XV of the SFO by virtue of Metro Success's interests in the entire issued share capital of each of the Associated Corporations. Mr. Wong Man Kit, being the settlor of The JetSun Trust, and Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, being the discretionary objects of The JetSun Trust, are deemed to be interested in all the Associated Corporations.

(d) The figures include interests in share options held by each of the Directors. Please refer to the "Share Option Scheme" section for details.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, none of the Directors and their associates has any interests or short positions in any shares, underlying shares and debentures in/of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register 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.

Biographical Details of Directors and Senior Management

Brief biographical details of the Directors and senior management are set out on pages 26 to 28.

Management Contracts

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

Share Option Scheme

Pursuant to a written resolution passed by all shareholders of the Company on 22 March 2004, the Share Option Scheme was adopted by the Company.

Summary of the Share Option Scheme

(a) Purpose of the Share Option Scheme

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

Directors' Report

(b) Participants of the Share Option Scheme

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

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

(ii) any non-executive director (including Independent Non-Executive Director) of the Company, any of its subsidiaries or any Invested Entity;

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

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

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

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

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

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

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

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

Directors' Report

(d) Maximum entitlement of each participant

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

(e) Time of exercise of options

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

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

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

(g) Payment on acceptance of option

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

(h) Basis of determining the subscription price

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

(i) Remaining life of the Share Option Scheme

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

Directors' Report

Outstanding Share Options

Details of the outstanding options of the Company as at 31 March 2012 which have been granted under the Share Option Scheme are as follows:

Name of Directors	Date of grant (d/m/y)	Number of options granted	Period during which rights exercisable (d/m/y)	Exercise price per share option (HK$)	Outstanding as at 1 April 2011	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 2012
Category 1: Directors									
Mr. Wong Man Kit	8/11/2004	2,000,000	9/11/2004–7/11/2014	1.57	2,000,000	–	2,000,000	–	–
(Note a)	12/4/2007	275,000	12/4/2007–11/4/2017	1.418	275,000	–	275,000	–	–
In aggregate					2,275,000	–	2,275,000	–	–
Ms. Ng Sui Chun	8/11/2004	2,000,000	9/11/2004–7/11/2014	1.57	2,000,000	–	2,000,000	–	–
(Note a)	12/4/2007	275,000	12/4/2007–11/4/2017	1.418	275,000	–	275,000	–	–
In aggregate					2,275,000	–	2,275,000	–	–
Mr. Chan Man Chun	8/11/2004	2,000,000	9/11/2004–7/11/2014	1.57	2,000,000	–	2,000,000	–	–
(Note a)	3/4/2007	275,000	3/4/2007–2/4/2017	1.43	275,000	–	275,000	–	–
In aggregate					2,275,000	–	2,275,000	–	–
Mr. Wong Ling Sun, Vincent	8/11/2004	2,000,000	9/11/2004–7/11/2014	1.57	2,000,000	–	2,000,000	–	–
(Note a)	12/4/2007	275,000	12/4/2007–11/4/2017	1.418	275,000	–	275,000	–	–
In aggregate					2,275,000	–	2,275,000	–	–
Ms. Wong Wai Sum, May (Note a)	8/11/2004	2,000,000	9/11/2004–7/11/2014	1.57	2,000,000	–	2,000,000	–	–
Dr. Lee Peng Fei, Allen	8/11/2004	300,000	9/11/2004–7/11/2014	1.57	300,000	–	300,000	–	–
(Notes a & c)	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	–	300,000	–	–	300,000
In aggregate					300,000	300,000	300,000	–	300,000
Dr. Chan Yuen Tak Fai, Dorothy	15/3/2010	300,000	15/3/2010–14/3/2020	1.39	300,000	–	300,000	–	–
(Notes a & c)	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	–	300,000	–	–	300,000
In aggregate					300,000	300,000	300,000	–	300,000
Mr. Kwong Ki Chi	14/3/2011	300,000	14/3/2011–13/3/2021	1.58	300,000	–	300,000	–	–
(Notes a & c)	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	–	300,000	–	–	300,000
In aggregate					300,000	300,000	300,000	–	300,000
Total Directors					12,000,000	900,000	12,000,000	–	900,000
Category 2: Employees	8/11/2004	2,450,000	9/11/2004–7/11/2014	1.57	2,250,000	–	2,250,000	–	–
(Notes b & c)	20/10/2011	4,350,000	20/10/2011–19/10/2021	1.60	–	4,350,000	200,000	–	4,150,000
In aggregate					2,250,000	4,350,000	2,450,000	–	4,150,000
Total all categories					14,250,000	5,250,000	14,450,000	–	5,050,000

Directors' Report

Notes:

(a) All options granted to the Directors were vested immediately on the date of grant.

(b) A total of 2,450,000 options were granted to employees on 8 November 2004.The options were vested in 5 equal tranches on 8 November 2004, 2005, 2006, 2007 and 2008 respectively. The first tranche vested on 8 November 2004 was exercisable on the next business day on 9 November 2004 and up to 7 November 2014. The second, third, fourth and fifth tranches were exercisable when vested and up to 7 November 2014.

(c) During the year ended 31 March 2012, 5,250,000 share options were granted, and all of which were vested immediately and exercisable on 20 October 2011 up to 19 October 2021. The closing price of the share immediately before the date of grant was HK$1.63. The fair value of these options on the date of grant was HK$1,313,000, calculated using the Binomial Model. The significant inputs into the model are as follows:

Date of grant	**20 October 2011**
Number of share options	5,250,000
Closing price of the share on the date of grant	HK$1.60
Exercise price	HK$1.60
Annual risk-free interest rate	1.378%
Expected dividend yield	7.84%
Expected option life	10 years
Expected volatility	28.42%

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

In respect of the disclosure of value of the options and the accounting policy adopted for the options, please refer to note 27 to the financial statements.

Major Customers and Suppliers

The 5 largest customers of the Group accounted for less than 30% of the Group's total turnover for the year ended 31 March 2012.

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

Purchases

— the largest supplier: 8.6% (2011: 6.4%)
— the 5 largest suppliers combined: 30.3% (2011: 27.7%)

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

Directors' Report

Connected Transactions

Significant related party transactions entered into by the Company during the year ended 31 March 2012, 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:

	2012 HK$'000	2011 HK$'000
Continuing:		
PLB hire charges paid to related companies	**49,990**	53,038
Agency fee income received from related companies	**2,327**	2,326

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

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

1. the foregoing continuing connected transactions were entered into:

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

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

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

2. the aggregate amount for the year ended 31 March 2012 payable by the Company under the minibus leasing agreement dated 18 February 2009, after deduction of agency fee, did not exceed HK$66,700,000 in accordance with an ordinary resolution passed in an EGM held on 27 March 2009.

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

Directors' Report

Substantial Shareholders

As at 31 March 2012, 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
HSBCITL	(Note a)	157,677,000	59.24%
JETSUN	(Note a)	157,677,000	59.24%
Metro Success	(Note a)	157,677,000	59.24%
Skyblue	(Note a)	157,677,000	59.24%
HSBC Trustee (Cook Islands) Limited ("HTCIL")	(Note b)	14,850,000	5.58%
The Seven International Holdings Limited ("SIHL")	(Note b)	14,850,000	5.58%
The Seven Capital Limited ("SCL")	(Note b)	14,850,000	5.58%
Mawer Investment Management Limited		13,744,399	5.16%

Notes:

(a) As at 31 March 2012, a total of 157,677,000 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.

(b) As at 31 March 2012, 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 HTCIL.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director and 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 2012.

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 2012. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Securities Code and Model Code throughout the financial year under review.

Sufficiency of Public Float

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

Directors' Report

Audit Committee

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and "A Guide for The Formation of An Audit Committee" published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises 3 Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 28 June 2012 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 Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 March 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Auditors

JBPB & Co. (formerly known as Grant Thornton) acted as the auditors of the Company for the year ended 31 March 2010 and resigned on 30 December 2010.

Grant Thornton Jingdu Tianhua was appointed by the Directors as the auditors of the Company on 20 January 2011 to fill the casual vacancy. The financial statements for the years ended 31 March 2011 and 2012 have been audited by Grant Thornton Jingdu Tianhua.

On 18 June 2012, Grant Thornton Jingdu Tianhua changed their name to Grant Thornton and, accordingly, have signed their report in their new name. In addition, due to practice reorganisation, Grant Thornton Hong Kong Limited has been formed to take over the practice of Grant Thornton. Therefore, a resolution will be submitted in the AGM to appoint Grant Thornton Hong Kong Limited as the auditors of the Company.

By Order of the Board

Wong Man Kit
Chairman

Hong Kong, 28 June 2012

Independent Auditors' Report

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

We have audited the consolidated financial statements of AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 44 to 103, which comprise the consolidated and the Company balance sheets as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

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

Independent Auditors' Report

Grant Thornton
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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

28 June 2012

Consolidated Income Statement

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CONTINUING OPERATION:			
Turnover	6	**334,447**	305,225
Direct costs		**(290,433)**	(244,998)
Gross profit		**44,014**	60,227
Other revenue	7	**7,529**	5,612
Other net income	7	**391**	256
(Deficit)/Reversal of deficit on revaluation of PLB licences		**(2,750)**	80
Administrative expenses		**(32,938)**	(28,995)
Other operating expenses		**(2,208)**	(1,060)
Operating profit		**14,038**	36,120
Finance costs	8	**(1,776)**	(618)
Profit before income tax	9	**12,262**	35,502
Income tax expense	10	**(2,275)**	(6,014)
Profit for the year from continuing operation		**9,987**	29,488
DISCONTINUED OPERATION:			
Profit for the year from discontinued operation	14(a)	**130,401**	2,854
Profit for the year		**140,388**	32,342
Attributable to:			
Equity holders of the Company	11		
— from continuing operation		**9,987**	29,488
— from discontinued operation		**130,266**	2,348
		140,253	31,836
Non-controlling interests			
— from discontinued operation		**135**	506
Profit for the year		**140,388**	32,342
		HK cents	HK cents (Restated)
Earnings per share for profit attributable to equity holders of the Company			
— Basic			
— from continuing operation		**3.86**	11.78
— from discontinued operation		**50.28**	0.94
	13(a)	**54.14**	12.72
— Diluted			
— from continuing operation		**3.84**	11.77
— from discontinued operation		**50.09**	0.94
	13(b)	**53.93**	12.71

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**140,388**	32,342
Other comprehensive income		
— (Deficit)/Surplus on revaluation of PLB licences	**(17,614)**	20,820
— Exchange gain on translation of financial statements of foreign operations	**160**	239
— Reclassification adjustment relating to foreign operations disposed during the year	**(846)**	—
Other comprehensive income for the year	**(18,300)**	21,059
Total comprehensive income for the year	**122,088**	53,401
Attributable to:		
Equity holders of the Company	**121,920**	52,717
Non-controlling interests	**168**	684
Total comprehensive income for the year	**122,088**	53,401

Consolidated Balance Sheet

As at 31 March 2012

	Notes	As at 31 March 2012 HK$'000	As at 31 March 2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	17	**21,603**	15,653
PLB licences	18	**325,360**	163,900
Goodwill	19	**82,056**	9,118
Deferred tax assets	29	**1,161**	26
		430,180	188,697
Current assets			
Trade and other receivables	21	**9,106**	37,823
Tax recoverable		**960**	934
Bank balances and cash	22	**108,067**	20,699
		118,133	59,456
Assets held for sale	14(b)	**—**	262,460
		118,133	321,916
Current liabilities			
Borrowings	23	**7,600**	3,062
Trade and other payables	24	**25,724**	17,167
Tax payable		**205**	465
		33,529	20,694
Liabilities directly associated with assets held for sale	14(c)	**—**	112,526
		33,529	133,220
Net current assets		**84,604**	188,696
Total assets less current liabilities		**514,784**	377,393

Consolidated Balance Sheet

As at 31 March 2012

	Notes	As at 31 March 2012 HK$'000	As at 31 March 2011 HK$'000
Non-current liabilities			
Borrowings	23	**121,515**	53,845
Deferred tax liabilities	29	**365**	130
		121,880	53,975
Net assets		**392,904**	323,418
EQUITY			
Share capital	26	**26,613**	22,750
Reserves		**366,291**	280,253
Equity attributable to equity holders of the Company		**392,904**	303,003
Non-controlling interests		**—**	20,415
Total equity		**392,904**	323,418

Wong Man Kit
Chairman

Ng Sui Chun
Director

Balance Sheet

As at 31 March 2012

	Notes	As at 31 March 2012 HK$'000	As at 31 March 2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	20	**98,021**	96,933
Current assets			
Amounts due from subsidiaries	20	**296,503**	231,446
Other receivables		**236**	138
Bank balances and cash	22	**5,159**	7,667
		301,898	239,251
Assets held for sale	14(e)	**—**	47,226
		301,898	286,477
Current liabilities			
Amounts due to subsidiaries	20	**6,558**	160,060
Other payables		**159**	163
Tax payable		**74**	9
		6,791	160,232
Net current assets		**295,107**	126,245
Net assets		**393,128**	223,178
EQUITY			
Share capital	26	**26,613**	22,750
Reserves	28	**366,515**	200,428
Total equity		**393,128**	223,178

Wong Man Kit
Chairman

Ng Sui Chun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Equity attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	PLB licences revaluation reserve HK$'000	Share options reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 April 2011	22,750	47,779	71,727	631	19,296	719	140,101	303,003	20,415	323,418
Exercise of share options (note 26)	1,445	21,714	–	(681)	–	–	–	22,478	–	22,478
Issue of bonus shares, net of expenses (note 26)	2,418	(2,523)	–	–	–	–	–	(105)	–	(105)
Share-based compensation (note 27)	–	–	–	1,313	–	–	–	1,313	–	1,313
2011 final dividends (note 12)	–	–	–	–	–	–	(29,010)	(29,010)	–	(29,010)
2012 interim dividends (note 12)	–	–	–	–	–	–	(26,613)	(26,613)	–	(26,613)
Dividends paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(840)	(840)
Acquisition of additional interest in a subsidiary	–	–	–	–	(82)	–	–	(82)	82	–
Capital contributed by a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	270	270
Disposal of subsidiaries	–	–	–	–	82	–	(82)	–	(20,095)	(20,095)
Transaction with owners	3,863	19,191	–	632	–	–	(55,705)	(32,019)	(20,583)	(52,602)
Profit for the year	–	–	–	–	–	–	140,253	140,253	135	140,388
Other comprehensive income:										
– Exchange gain on translation of financial statements of foreign operations	–	–	–	–	–	127	–	127	33	160
– Reclassification adjustment relating to foreign operations disposed during the year	–	–	–	–	–	(846)	–	(846)	–	(846)
– Deficit on revaluation of PLB licences (note 18)	–	–	(17,614)	–	–	–	–	(17,614)	–	(17,614)
Total comprehensive income for the year	–	–	(17,614)	–	–	(719)	140,253	121,920	168	122,088
As at 31 March 2012	**26,613**	**66,970**	**54,113**	**1,263**	**19,296**	**–**	**224,649**	**392,904**	**–**	**392,904**
As at 1 April 2010	22,750	47,779	50,907	601	19,296	658	133,281	275,272	19,731	295,003
Share-based compensation (note 27)	–	–	–	39	–	–	–	39	–	39
2010 final dividends (note 12)	–	–	–	–	–	–	(25,025)	(25,025)	–	(25,025)
Transaction with owners	–	–	–	39	–	–	(25,025)	(24,986)	–	(24,986)
Profit for the year	–	–	–	–	–	–	31,836	31,836	506	32,342
Other comprehensive income:										
– Exchange gain on translation of financial statements of foreign operations	–	–	–	–	–	61	–	61	178	239
– Surplus on revaluation of PLB licences (note 18)	–	–	20,820	–	–	–	–	20,820	–	20,820
Total comprehensive income for the year	–	–	20,820	–	–	61	31,836	52,717	684	53,401
Lapse of share options	–	–	–	(9)	–	–	9	–	–	–
As at 31 March 2011	22,750	47,779	71,727	631	19,296	719	140,101	303,003	20,415	323,418

Consolidated Cash Flow Statement

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	34	**17,882**	56,673
Income tax paid		**(2,705)**	(8,950)
Net cash from operating activities		**15,177**	47,723
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,143)**	(16,555)
Purchase of PLB licences		**(13,074)**	—
Purchase of public bus licences		**—**	(4,150)
Proceeds from disposal of property, plant and equipment		**115**	242
Interest received		**1,604**	31
Acquisition of subsidiaries, net of cash acquired	35	**(136,666)**	—
Proceeds from disposal of subsidiaries, net of cash disposed of	36	**295,450**	—
Capital contribution to the Disposal Group		**(31,454)**	—
Deposit paid for acquisition of a subsidiary		**—**	(32,000)
Net cash from/(used in) investing activities		**112,832**	(52,432)
Cash flows from financing activities			
Share issue expenses		**(105)**	—
Exercise of share options		**22,478**	—
Proceeds from new borrowings		**—**	55,371
Repayment of borrowings		**(4,899)**	(31,587)
Interest paid		**(1,776)**	(2,870)
Dividends paid to a non-controlling shareholder of a subsidiary		**(840)**	—
Dividends paid to equity holders of the Company		**(55,623)**	(25,025)
Net cash used in financing activities		**(40,765)**	(4,111)
Net increase/(decrease) in cash and cash equivalents		**87,244**	(8,820)
Cash and cash equivalents at the beginning of the year		**20,699**	38,221
Effect of foreign exchange rate changes, on cash held		**124**	190
Cash and cash equivalents of Disposal Group classified as assets held for sale	14(b)	**—**	(8,892)
Cash and cash equivalents at the end of the year, represented by bank balances and cash	22	**108,067**	20,699

Notes to the Financial Statements

For the year ended 31 March 2012

1. GENERAL INFORMATION

AMS Public Transport Holdings Limited (the "Company") was incorporated in the Cayman Islands on 18 March 2003 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of its registered office and principal place of business are disclosed in the Company Information section of the annual report. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 April 2004.

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

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of franchised public light bus ("PLB") transportation services in Hong Kong.

On 27 April 2011, the Company entered into an agreement with Trans-Island Limousine Service Limited ("TLS") to sell its entire interest in Elegant Sun Group Limited ("ESG"), a wholly owned subsidiary of the Company (together with its subsidiaries, collectively referred to as the "Disposal Group"), to TLS at a consideration of HK$300,000,000, subject to adjustment (the "Disposal"). The Disposal was completed on 31 July 2011. The Disposal Group carried out all the Group's cross-boundary public bus operation. The cross-boundary public bus operation for the period from 1 April 2011 to 31 July 2011 has been categorised under "discontinued operation" in the consolidated income statement. Analysis of the results and cash flows of the Disposal Group is presented in note 14.

The financial statements for the year ended 31 March 2012 were approved for issue by the board of directors on 28 June 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 44 to 103 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

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

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

Notes to the Financial Statements
For the year ended 31 March 2012

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 (together referred to as "the Group") made up to 31 March each year.

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

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to income statement or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Subsidiaries

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

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

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

2.4 Jointly controlled entity

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Jointly controlled entity (Continued)

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

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

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

2.5 Foreign currency translation

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

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

When a foreign operation is sold, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to income statement as part of the gain or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to income statement.

2.6 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

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

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

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

In prior years, the Group's certain PLBs, public buses and motor vehicles were depreciated on a straight-line basis over a period of 5 years. The directors of the Company have reassessed the estimated economic useful life of the Group's PLBs, public buses and motor vehicles, taking into account of current business environment and conditions and the expected pattern of economic benefits from these assets, and have revised their estimated economic useful life from 5 years to 10 years. The changes in accounting estimates have been applied prospectively from 1 October 2011. The aggregate effect of these changes in accounting estimates is a decrease in depreciation expenses and an increase in net profit for the year ended 31 March 2012 of HK$817,000 and HK$682,000 (after tax expense of HK$135,000) respectively.

Notes to the Financial Statements
For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

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

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

2.7 PLB licences

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

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

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

2.8 Public bus licences

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

2.9 Goodwill

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

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets

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 instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

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

Loans and receivables

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

Impairment of financial assets

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

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

— significant financial difficulty of the debtor;

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

— it 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

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

Financial assets carried at amortised cost

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

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

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 income statement.

2.11 Cash and cash equivalents

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

2.12 Financial liabilities

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial liabilities (Continued)

Borrowings

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

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

Trade and other payables

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

2.13 Leases

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

(i) Classification of assets leased to the Group

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

(ii) Operating lease charges as the lessee

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

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

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

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

Notes to the Financial Statements
For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.15 Revenue recognition

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

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

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

Agency fee income, advertising income, repair and maintenance service income 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 grants

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

2.17 Impairment of non-financial assets

Property, plant and equipment, PLB licences, goodwill and interest in subsidiaries are subject to impairment testing.

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Impairment of non-financial assets (Continued)

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

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

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

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

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

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

Short-term employee benefits

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

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 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 income statement.

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Accounting for income taxes (Continued)

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 income statement, or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.

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

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

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

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

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

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

   (i) the same taxable entity; or

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

2.21 Financial guarantee contracts

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Group has identified the following reportable segments:

(a) franchised PLB services; and

(b) cross-boundary public bus services which has been discontinued during the year.

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

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

— finance costs

— share of results of a jointly controlled entity

— income tax expense

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

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

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

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

2.23 Related parties

(a) A person, or a close member of that person's family, is related to the Group 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 the Group's parent.

Notes to the Financial Statements

For the year ended 31 March 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(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) Both entities 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).

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

2.24 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

2.25 Disposal group — assets held for sale

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

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For the year ended 31 March 2012

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2011:

HKAS 24 (Revised)	Related Party Disclosures
Various	Improvements to HKFRSs 2010

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

The Group has not early adopted any new or amended HKFRSs that are not yet effective for the current accounting period.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012.

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 (note 19).

Estimated fair value of PLB licences

The PLB licences were revalued on an open market basis on 31 March 2012 by independent qualified valuers with reference to recent market transactions. As described in note 18, the estimation of fair value also includes assumptions such as government policies for PLB businesses remained unchanged and continuous existence of an active market for PLB licences.

Notes to the Financial Statements

For the year ended 31 March 2012

5. SEGMENT INFORMATION

The executive directors have identified the Group's two service lines as operating segments as described in note 2.22. Information regarding the Group's reportable segments is set out below:

2012

	Continuing operation	Discontinued operation	
	Franchised PLB services HK$'000	Cross-boundary public bus services HK$'000	Group HK$'000
Reportable segment revenue (note (i))	334,447	54,298	388,745
Reportable segment profit	14,038	3,507	17,545
Finance costs			(2,244)
Share of results of a jointly controlled entity			114
Profit before income tax			15,415
Income tax expense			(2,525)
			12,890
Gain on disposal of subsidiaries			127,498
Profit for the year			140,388
Other information			
Additions to non-current segment assets	262,693	260	262,953
Depreciation	1,908	4,047	5,955
Interest income	(1,604)	(7)	(1,611)
Deficit on revaluation of PLB licences	2,750	—	2,750

As at 31 March 2012, after the Disposal (note 36), the only operating segment of the Group is the franchised PLB services. Therefore, no separate analysis of the reportable segment assets and liabilities by operating segment is presented.

Notes to the Financial Statements

For the year ended 31 March 2012

5. SEGMENT INFORMATION (Continued)

2011

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

Note:

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

Notes to the Financial Statements

For the year ended 31 March 2012

5. SEGMENT INFORMATION (Continued)

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

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

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operation:				
Hong Kong (domicile)	**334,447**	305,225	**429,019**	188,671
Discontinued operation:				
PRC — Hong Kong	**54,240**	149,757	**—**	230,989
Others	**58**	175	**—**	1,418
	54,298	149,932	**—**	232,407
	388,745	455,157	**429,019**	421,078

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

6. TURNOVER

	2012	2011
	HK$'000	HK$'000
Franchised PLB services income	**334,447**	305,225

Notes to the Financial Statements

For the year ended 31 March 2012

7. OTHER REVENUE AND OTHER NET INCOME

	2012 HK$'000	2011 HK$'000
Other revenue		
Agency fee income	**2,520**	2,519
Advertising income	**2,115**	1,069
Interest income	**1,604**	13
Repair and maintenance service income	**828**	1,413
Management fee income	**462**	598
	7,529	5,612
Other net income		
Net exchange gain	**124**	35
Net gain on disposal of property, plant and equipment	**42**	—
Sundry income	**225**	221
	391	256
	7,920	5,868

8. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on bank loans:		
— wholly repayable within five years	**1**	3
— not wholly repayable within five years	**1,775**	615
	1,776	618

Notes to the Financial Statements

For the year ended 31 March 2012

9. PROFIT BEFORE INCOME TAX

	2012 HK$'000	2011 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Fuel cost	**75,792**	57,414
Employee benefit expense (including directors' emoluments) (note 15)	**139,854**	118,204
Operating lease rental in respect of		
— land and buildings	**12**	7
— PLBs	**65,322**	59,338
Depreciation of property, plant and equipment	**1,908**	1,592
Provision for impairment of trade receivables	**18**	4
Net exchange gain	**(124)**	(35)
Net gain on disposal of property, plant and equipment	**(42)**	—
Deficit/(Reversal of deficit) on revaluation of PLB licences	**2,750**	(80)
Auditors' remuneration	**515**	380

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

	2012 HK$'000	2011 HK$'000
Current tax		
— Hong Kong profits tax		
Current year	**3,288**	5,872
(Over)/Under provision in prior years	**(6)**	13
	3,282	5,885
Deferred tax		
Current year	**(1,007)**	129
Total income tax expense	**2,275**	6,014

Notes to the Financial Statements
For the year ended 31 March 2012

10. INCOME TAX EXPENSE (Continued)

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

	2012 HK$'000	2011 HK$'000
Profit before income tax	12,262	35,502
Tax at Hong Kong profits tax rate of 16.5% (2011: 16.5%)	2,023	5,858
Tax effect of non-deductible expenses	868	58
Tax effect of non-taxable revenue	(284)	(15)
Tax effect of tax losses not recognised	1	1
Recognition of previously unrecognised temporary differences	(227)	—
(Over)/Under provision in prior years	(6)	13
Others	(100)	99
Income tax expense	2,275	6,014

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company includes a profit of HK$201,887,000 (2011: HK$29,058,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

Dividends attributable to the year

	2012 HK$'000	2011 HK$'000
Proposed final dividend of HK3.0 cents (2011: HK12.0 cents) per ordinary share	7,984	27,300
Proposed special dividend of HK8.0 cents (2011: Nil) per ordinary share	21,290	—
Special interim dividend of HK10.0 cents (2011: Nil) per ordinary share	26,613	—
	55,887	27,300

The dividends proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

On 29 June 2011, the directors proposed the issue of bonus shares on the basis of one new share for every ten existing ordinary shares. The issue of bonus shares was approved by the shareholders at the annual general meeting of the Company and the Stock Exchange during the year and the bonus shares were issued on 20 September 2011.

The final dividend paid for the year ended 31 March 2011 was HK$29,010,000 (2010: HK$25,025,000) of which HK$1,710,000 (2010: Nil) was paid for shares issued for share options exercised after 31 March 2011.

Notes to the Financial Statements

For the year ended 31 March 2012

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company (1) from continuing operation of HK$9,987,000 (2011: HK$29,488,000) and (2) from discontinued operation of HK$130,266,000 (2011: HK$2,348,000) and on the weighted average number of 259,065,000 ordinary shares (2011 (restated): 250,250,000 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year after adjusting for the effects of all dilutive potential ordinary shares.

Details of calculation of diluted earnings per share are shown as follows:

	2012 **HK$'000**	2011 HK$'000
Profit attributable to equity holders of the Company for the year		
— From continuing operation	**9,987**	29,488
— From discontinued operation	**130,266**	2,348
	140,253	31,836
		(Restated)
Weighted average number of ordinary shares in issue during the year (in thousands)	**259,065**	250,250
Effect of dilutive potential shares on exercise of share options (in thousands)	**1,009**	201
Weighted average number of ordinary shares used in calculating diluted earnings per share (in thousands)	**260,074**	250,451
	HK cents	HK cents (Restated)
Diluted earnings per share		
— From continuing operation	**3.84**	11.77
— From discontinued operation	**50.09**	0.94
	53.93	12.71

The comparative figures have been restated to reflect the effect of issue of bonus shares on 20 September 2011 (note 26).

Notes to the Financial Statements

For the year ended 31 March 2012

14. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

The cross-boundary public bus operation was discontinued upon the completion of the Disposal on 31 July 2011. Analyses of the results, cash flows and assets and liabilities of the Disposal Group are as follows:

(a) Discontinued operation

	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Results		
Turnover	**54,298**	149,932
Direct costs	**(40,303)**	(110,556)
Gross profit	**13,995**	39,376
Other revenue	**772**	2,331
Other net income	**2,130**	43
Administrative expenses	**(12,749)**	(34,674)
Other operating expenses	**(641)**	(716)
Operating profit	**3,507**	6,360
Finance costs	**(468)**	(2,252)
Share of results of a jointly controlled entity	**114**	1
Profit before income tax	**3,153**	4,109
Income tax expense	**(250)**	(1,255)
	2,903	2,854
Gain on disposal of subsidiaries (note 36)	**127,498**	—
Profit for the year from discontinued operation	**130,401**	2,854
Cash flows		
Operating cash flows	**(1,733)**	30,245
Investing cash flows	**263,743**	(19,690)
Financing cash flows	**(6,898)**	(10,382)
Total cash flows	**255,112**	173

Notes to the Financial Statements

For the year ended 31 March 2012

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

(b) Assets held for sale — Group

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

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

	Notes	As at 31 March 2011 HK$'000
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	29	6,928
Current liabilities		
Borrowings		82,280
Trade and other payables		15,074
Deferred income		5,368
Other financial liability		2,190
Tax payable		686
		105,598
Total liabilities		112,526

Notes to the Financial Statements

For the year ended 31 March 2012

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

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

Other financial liability represents an option granted by the Company to Mr. Chan Chung Yee, Alan ("Mr. Chan") to purchase from the Group its 10% shareholding in Chinalink Express Holdings Limited (a company of the Disposal Group) within 10 years from 9 January 2006 at a price of HK$15,000,000. On 27 April 2011, the Company obtained from Mr. Chan a deed of waiver in respect of his waiving his option right as aforesaid at nil consideration.

(d) As at 31 March 2011, the aggregate net book amount of assets held for sale which were pledged as securities for borrowings amounted to HK$65,677,000 (note 25).

(e) Assets held for sale — Company

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

15. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2012 HK$'000	2011 HK$'000
Salaries and allowances	**133,089**	113,334
Contributions to defined contribution plans	**5,452**	4,831
Share-based compensation	**1,313**	39
	139,854	118,204

Notes to the Financial Statements

For the year ended 31 March 2012

16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

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

	Continuing operation						Discontinued operation	
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonuses HK$'000	Contributions to defined contribution plans HK$'000	Share-based compensation HK$'000	Sub-total HK$'000	Bonuses HK$'000	Total HK$'000
For the year ended 31 March 2012								
Mr. Wong Man Kit	–	1,049	–	–	–	1,049	–	1,049
Ms. Ng Sui Chun	–	533	–	12	–	545	–	545
Mr. Chan Man Chun	240	1,339	2,352	24	–	3,955	5,018	8,973
Mr. Wong Ling Sun, Vincent	–	520	–	12	–	532	–	532
Ms. Wong Wai Sum, May (note (i))	–	287	77	6	–	370	–	370
Dr. Chan Yuen Tak Fai, Dorothy	336	–	–	–	75	411	–	411
Dr. Lee Peng Fei, Allen	336	–	–	–	75	411	–	411
Mr. Kwong Ki Chi	336	–	–	–	75	411	–	411
Total	**1,248**	**3,728**	**2,429**	**54**	**225**	**7,684**	**5,018**	**12,702**
For the year ended 31 March 2011								
Mr. Wong Man Kit	–	1,183	1,000	–	–	2,183	–	2,183
Ms. Ng Sui Chun	–	533	–	12	–	545	–	545
Mr. Chan Man Chun	240	1,312	2,299	24	–	3,875	96	3,971
Mr. Wong Ling Sun, Vincent	–	520	–	12	–	532	–	532
Dr. Chan Yuen Tak Fai, Dorothy	302	–	–	–	–	302	–	302
Dr. Lee Peng Fei, Allen	302	–	–	–	–	302	–	302
Mr. Kwong Ki Chi (note (ii))	16	–	–	–	39	55	–	55
Mr. Lam Wai Keung (note (iii))	171	–	–	–	–	171	–	171
Total	1,031	3,548	3,299	48	39	7,965	96	8,061

Notes:

(i) Ms. Wong Wai Sum, May was appointed as an executive director of the Company on 30 September 2011.

(ii) Mr. Kwong Ki Chi was appointed as an independent non-executive director of the Company on 14 March 2011.

(iii) Mr. Lam Wai Keung, an independent non-executive director of the Company, retired on 14 March 2011.

(iv) None of the directors has waived the right to receive their emoluments for the years ended 31 March 2012 and 31 March 2011.

(v) 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 2012 and 31 March 2011.

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16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group (including continuing and discontinued operations) for the year include two (2011: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2011: three) individuals during the year are as follows:

	2012	2011
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,167**	3,646
Bonuses	**616**	393
Contributions to defined contribution plans	**67**	65
Share-based compensation	**250**	—
	3,100	4,104

The emoluments of these three (2011: three) individuals fell within the following bands:

	Number of individuals	
	2012	2011
Emolument bands		
HK$Nil — HK$1,000,000	**1**	2
HK$1,000,001 — HK$1,500,000	**2**	—
HK$2,000,001 — HK$2,500,000	**—**	1
	3	3

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For the year ended 31 March 2012

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	PLBs and public buses HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
As at 1 April 2011	**18,547**	**5,870**	**8,751**	**9,130**	**4,102**	**46,400**
Additions	**–**	**12**	**864**	**–**	**2,267**	**3,143**
Acquisition of subsidiaries (note 35)	**3,700**	**9**	**98**	**962**	**19**	**4,788**
Disposals	**–**	**–**	**(130)**	**–**	**(280)**	**(410)**
As at 31 March 2012	**22,247**	**5,891**	**9,583**	**10,092**	**6,108**	**53,921**
Accumulated depreciation						
As at 1 April 2011	**5,096**	**5,668**	**7,367**	**8,945**	**3,671**	**30,747**
Charge for the year	**530**	**89**	**806**	**196**	**287**	**1,908**
Disposals	**–**	**–**	**(57)**	**–**	**(280)**	**(337)**
As at 31 March 2012	**5,626**	**5,757**	**8,116**	**9,141**	**3,678**	**32,318**
Net book value						
As at 31 March 2012	**16,621**	**134**	**1,467**	**951**	**2,430**	**21,603**
Cost						
As at 1 April 2010	18,547	8,216	13,047	102,361	4,736	146,907
Additions	–	127	981	14,876	3,703	19,687
Disposals	–	(22)	(83)	(1,490)	(511)	(2,106)
Exchange adjustment	–	20	70	–	12	102
Classified as assets held for sale (note 14(b))	–	(2,471)	(5,264)	(106,617)	(3,838)	(118,190)
As at 31 March 2011	18,547	5,870	8,751	9,130	4,102	46,400
Accumulated depreciation						
As at 1 April 2010	4,606	7,147	9,932	41,783	4,142	67,610
Charge for the year	490	618	1,462	10,205	881	13,656
Disposals	–	(15)	(83)	(594)	(289)	(981)
Exchange adjustment	–	8	35	–	8	51
Classified as assets held for sale (note 14(b))	–	(2,090)	(3,979)	(42,449)	(1,071)	(49,589)
As at 31 March 2011	5,096	5,668	7,367	8,945	3,671	30,747
Net book value						
As at 31 March 2011	13,451	202	1,384	185	431	15,653

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For the year ended 31 March 2012

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

The net book value of property, plant and equipment 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 2012	**4,252**	**883**	**5,135**
At 31 March 2011	4,430	161	4,591

18. PLB LICENCES

	Group 2012 HK$'000	2011 HK$'000
At the beginning of the year	**163,900**	143,000
Additions	**13,074**	—
Acquisition of subsidiaries (note 35)	**168,750**	—
(Deficit)/Reversal of deficit on revaluation (charged)/credited to income statement	**(2,750)**	80
(Deficit)/Surplus on revaluation dealt with in revaluation reserve	**(17,614)**	20,820
At the end of the year	**325,360**	163,900

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.

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

The carrying amount of PLB licences at the balance sheet date would have been HK$273,997,000 (2011: HK$92,173,000) had they been stated at cost less accumulated impairment losses.

At 31 March 2012, certain PLB licences with an aggregate net book value of HK$239,040,000 (2011: HK$104,300,000) were pledged as security for the Group's banking facilities (note 25).

Notes to the Financial Statements

For the year ended 31 March 2012

19. GOODWILL

	Group 2012 HK$'000	2011 HK$'000
At the beginning of the year		
Gross carrying amount	**9,118**	167,892
Accumulated impairment	**—**	(300)
Net carrying amount	**9,118**	167,592
Net carrying amount at the beginning of the year	**9,118**	167,592
Acquisition of subsidiaries (note 35)	**72,938**	—
Classified as assets held for sale (note 14(b))	**—**	(158,474)
Net carrying amount at the end of the year	**82,056**	9,118
At the end of the year		
Gross carrying amount	**82,056**	9,118
Accumulated impairment	**—**	—
Net carrying amount	**82,056**	9,118

As at 31 March 2012 and 2011, the carrying amount of goodwill, net of any impairment loss, is allocated to the cash generating unit ("CGU") of franchised PLB services.

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

Key assumptions used for value-in-use calculations:

	2012	2011
Growth rate	**1.0%**	1.0%
Discount rate	**5.4%**	5.4%

Based on the impairment test of goodwill, in the opinion of the directors, no impairment against the Group's goodwill as at 31 March 2012 and 31 March 2011 was considered necessary.

The estimate of the recoverable amount of the CGU is exposed to future fuel prices, staff costs and PLB rental expenses. Any significant adverse change in these estimated expenses would cause the carrying amount of the CGU to exceed its recoverable amount.

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For the year ended 31 March 2012

20. INTEREST IN SUBSIDIARIES

	Company 2012 HK$'000	2011 HK$'000
Non-current		
Unlisted shares, at cost	**98,021**	96,933
Current		
Amounts due from subsidiaries	**296,503**	231,446
Amounts due to subsidiaries	**(6,558)**	(160,060)

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. The carrying amounts of the amounts due approximate their fair values.

Particulars of the principal subsidiaries at 31 March 2012 are as follows:

Name of the company	Place of incorporation	Particulars of issued capital	Percentage of issued capital held by the Company	Principal activities and place of operation
Interest directly held:				
Gurnard Holdings Limited	The British Virgin Islands	2 ordinary shares of US$1 each	100%	Investment holding in Hong Kong
Interest indirectly held:				
Aberdeen Maxicab Service Company Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Capital Star Holdings Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Central Maxicab Limited	Hong Kong	1,600 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Fastlink Transportation Limited	Hong Kong	5 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong

Notes to the Financial Statements

For the year ended 31 March 2012

20. INTEREST IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation	Particulars of issued capital	Percentage of issued capital held by the Company	Principal activities and place of operation
Interest indirectly held: (Continued)				
Hong Kong Maxicab Limited	Hong Kong	11,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Kit Kee Transport Company Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Sunning Transportation Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Superlong Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Southern District Motor Service Centre Limited	Hong Kong	300,000 ordinary shares of HK$1 each	100%	Provision of repair and maintenance services for PLBs in Hong Kong
Tai Po (Fixed Route) Public Light Bus Co. Limited	Hong Kong	32,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Eastern International Transport Engineering Limited	Hong Kong	5 ordinary shares of HK$1 each	100%	Hiring of PLBs in Hong Kong
Global Win Transportation Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Hiring of PLBs in Hong Kong

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21. TRADE AND OTHER RECEIVABLES

	Group 2012 HK$'000	Group 2011 HK$'000
Trade receivables — gross	**2,007**	1,332
Less: provision for impairment	**—**	—
Trade receivables — net	**2,007**	1,332
Deposits, prepayments and other receivables	**7,099**	4,491
Deposit for acquisition of a subsidiary (note 35)	**—**	32,000
	9,106	37,823

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

Majority of the Group's turnover is attributable to franchised PLB services which is received in cash or collected via Octopus cards by Octopus Cards Limited and remitted to the Group on the next business day of the service rendered. The Group normally grants a credit term ranging from 0 to 30 days to other trade debtors.

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

	2012 HK$'000	2011 HK$'000
0 to 30 days	**1,860**	956
31 to 60 days	**88**	194
61 to 90 days	**40**	35
Over 90 days	**19**	147
	2,007	1,332

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

	2012 HK$'000	2011 HK$'000
At the beginning of the year	**—**	—
Addition	**18**	4
Written-off	**(18)**	(4)
At the end of the year	**—**	—

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For the year ended 31 March 2012

21. TRADE AND OTHER RECEIVABLES (Continued)

At each balance sheet date, the Group reviewed trade receivables for evidence of impairment on both individual and collective basis. Based on this assessment, impairment loss of HK$18,000 (2011: HK$4,000) has been recognised. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or due to delinquency of payments.

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

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

	2012 HK$'000	2011 HK$'000
Neither past due nor impaired	**1,749**	1,008
0 to 30 days past due	**111**	135
31 to 60 days past due	**78**	166
61 to 90 days past due	**40**	4
Over 90 days past due	**29**	19
	258	324
	2,007	1,332

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

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

22. BANK BALANCES AND CASH

	Group		**Company**	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Cash at bank and in hand	**20,118**	13,100	**5,159**	68
Short-term bank deposits	**87,949**	7,599	**—**	7,599
	108,067	20,699	**5,159**	7,667

The effective interest rates on short-term bank deposits were in the range of 1.10% to 2.80% (2011: 0.001% to 0.63%). These deposits have an average maturity of 12 days to 30 days (2011: 1 day to 26 days).

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

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For the year ended 31 March 2012

23. BORROWINGS

	Group 2012 HK$'000	2011 HK$'000
Bank loans, secured		
Current	**7,600**	3,062
Non-current	**121,515**	53,845
Total borrowings	**129,115**	56,907

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

As at 31 March 2012, the Group's bank loans were repayable as follows:

	2012 HK$'000	2011 HK$'000
Within one year	**7,600**	3,062
In the second year	**7,757**	3,122
In the third to fifth years	**24,255**	9,721
After the fifth year	**89,503**	41,002
	129,115	56,907
Less: Amounts shown under current liabilities	**(7,600)**	(3,062)
Amounts shown under non-current liabilities	**121,515**	53,845

The interest rates are principally on a floating rate basis and range from 1.58% to 2.25% (2011: 1.43% to 2.25%).

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

24. TRADE AND OTHER PAYABLES

	Group 2012 HK$'000	2011 HK$'000
Trade payables	**7,393**	6,893
Other payables and accruals	**18,331**	10,274
	25,724	17,167

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For the year ended 31 March 2012

24. TRADE AND OTHER PAYABLES (Continued)

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

	2012 HK$'000	2011 HK$'000
0 to 30 days	**7,393**	6,893

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

25. BANKING FACILITIES

As at 31 March 2012, the Group had banking facilities totalling HK$138,415,000 (2011: HK$192,996,000) of which approximately HK$129,115,000 (2011: HK$139,017,000) were utilised. These facilities were secured by:

(i) pledges of certain property, plant and equipment of the Group with net book value of HK$5,135,000 (2011: HK$4,591,000) (note 17);

(ii) pledges of certain PLB licences with net book value of HK$239,040,000 (2011: HK$104,300,000) (note 18); and

(iii) guarantees provided by the Company of HK$170,831,000 (2011: HK$234,510,000) (note 32).

Apart from the assets of and guarantees provided by the Group above, as at 31 March 2011, the banking facilities were also secured by floating charges on certain assets held for sale with carrying amount of HK$65,677,000 (note 14(d)) and guarantees provided by a non-controlling shareholder of a subsidiary (note 33(d)).

26. SHARE CAPITAL

	2012		2011	
	Number of shares	HK$'000	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each				
At the beginning of the year	**227,500,000**	**22,750**	227,500,000	22,750
Exercise of share options (note 27)	**14,450,000**	**1,445**	—	—
Issue of bonus shares	**24,175,000**	**2,418**	—	—
At the end of the year	**266,125,000**	**26,613**	227,500,000	22,750

On 20 September 2011, the Company issued bonus shares on the basis of one new share for every ten existing ordinary shares. These bonus shares rank pari passu with the existing shares in all respects but they did not rank for the final dividend in respect of the year ended 31 March 2011.

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27. SHARE-BASED COMPENSATION

On 22 March 2004, the Company adopted a share option scheme (the "Share Option Scheme") pursuant to which the eligible persons may be granted options to subscribe for shares of the Company upon and subject to a maximum number of shares available for issue thereunder, which is 22,750,000, representing 10% of the issued shares of the Company as at the date of approval of the Scheme Mandate Limit by the shareholders of the Company at an annual general meeting; i.e. 25 July 2005. The Scheme Mandate Limit was adjusted to 25,025,000 as a result of the issue of bonus shares on 20 September 2011. The subscription price determined by the board of directors will be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares. All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than issuing the Company's ordinary shares.

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

	2012		2011	
	Number of options	**Weighted average exercise price HK$**	Number of options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**14,250,000**	**1.55**	14,250,000	1.55
Exercised before issue of bonus shares	**(14,250,000)**	**1.55**	—	—
Granted	**5,250,000**	**1.60**	300,000	1.58
Exercised after issue of bonus shares	**(200,000)**	**1.60**	—	—
Lapsed	**—**	**—**	(300,000)	1.57
Outstanding at the end of the year	**5,050,000**	**1.60**	14,250,000	1.55
Exercisable at the end of the year	**5,050,000**	**1.60**	14,250,000	1.55

Notes:

(i) During the year, 14,250,000 and 200,000 share options were exercised before and after issue of bonus shares at a weighted average exercise price of HK$1.55 and HK$1.60 per share respectively, and the weighted average share prices at the dates of exercise were HK$1.69 and HK$1.66 per share respectively.

(ii) During the year, no share options were lapsed or cancelled (2011: 300,000 share options were lapsed).

(iii) The weighted average remaining contractual life of the outstanding share options at the balance sheet date is 9.6 years (2011: 4.0 years).

(iv) In total, HK$1,313,000 (2011: HK$39,000) of share-based compensation expense has been included in the consolidated income statement for the year ended 31 March 2012 and the corresponding amount of which has been credited to share options reserve.

(v) On 20 October 2011, a total of 5,250,000 share options at an exercise price of HK$1.60 per share was granted at a total consideration of HK$31. These share options are exercisable from 20 October 2011 to 19 October 2021. All options granted were vested immediately on the date of grant.

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For the year ended 31 March 2012

27. SHARE-BASED COMPENSATION (Continued)

Notes: (Continued)

(v) (Continued)

The fair value of the options was determined using the Binomial Model. The following principal assumptions were used in the valuation:

Closing price on the date of grant	HK$1.60
Exercise price	HK$1.60
Risk-free interest rate	1.378%
Expected option life	10 years
Expected dividend yield	7.84%
Expected volatility	28.42%

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

28. RESERVES

Company

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2011	**47,779**	**96,678**	**631**	**55,340**	**200,428**
Share-based compensation (note 27)	**—**	**—**	**1,313**	**—**	**1,313**
Exercise of share options	**21,714**	**—**	**(681)**	**—**	**21,033**
Issue of bonus shares, net of expenses	**(2,523)**	**—**	**—**	**—**	**(2,523)**
Profit for the year (note 11)	**—**	**—**	**—**	**201,887**	**201,887**
2011 final dividends and 2012 interim dividends (note 12)	**—**	**—**	**—**	**(55,623)**	**(55,623)**
As at 31 March 2012	**66,970**	**96,678**	**1,263**	**201,604**	**366,515**
As at 1 April 2010	47,779	96,678	601	51,298	196,356
Share-based compensation (note 27)	—	—	39	—	39
Lapse of share options	—	—	(9)	9	—
Profit for the year (note 11)	—	—	—	29,058	29,058
2010 final dividends paid (note 12)	—	—	—	(25,025)	(25,025)
As at 31 March 2011	47,779	96,678	631	55,340	200,428

As at 31 March 2012, distributable reserves of the Company amounted to HK$365,252,000 (2011: HK$199,797,000).

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For the year ended 31 March 2012

29. DEFERRED TAX

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

	Group 2012 HK$'000	Group 2011 HK$'000
At the beginning of the year	**104**	6,074
(Written back)/Recognised in income statement	**(1,007)**	900
Acquisition of a subsidiary (note 35)	**107**	—
Classified as assets held for sale and liabilities directly associated with assets held for sale	**—**	(6,870)
At the end of the year	**(796)**	104

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

	Group		
	Accelerated depreciation allowance HK$'000	**Tax losses HK$'000**	**Total HK$'000**
As at 1 April 2011	**108**	**(4)**	**104**
Recognised/(Written back) in income statement	**150**	**(1,157)**	**(1,007)**
Acquisition of a subsidiary (note 35)	**107**	**—**	**107**
As at 31 March 2012	**365**	**(1,161)**	**(796)**
As at 1 April 2010	7,941	(1,867)	6,074
Recognised in income statement	1,599	(699)	900
Classified as assets held for sale and liabilities directly associated with assets held for sale	(9,432)	2,562	(6,870)
As at 31 March 2011	108	(4)	104

Represented by:

	2012 HK$'000	2011 HK$'000
Deferred tax assets	**(1,161)**	(26)
Deferred tax liabilities	**365**	130
	(796)	104

Notes to the Financial Statements

For the year ended 31 March 2012

29. DEFERRED TAX (Continued)

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

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

30. OPERATING LEASE COMMITMENTS

As lessee

As at 31 March 2012, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

Continuing operation:

	PLBs	
	2012	2011
	HK$'000	HK$'000
Within one year	**7,010**	4,616

Discontinued operation:

	2011		
	Buildings	Public buses	Cross-boundary quotas
	HK$'000	HK$'000	HK$'000
Within one year	3,545	160	3,879
In the second to fifth years	—	—	740
	3,545	160	4,619

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30. OPERATING LEASE COMMITMENTS (Continued)

As lessor

As at 31 March 2012, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

Continuing operation:

	Advertising income	
	2012	2011
	HK$'000	HK$'000
Within one year	**1,500**	185

Discontinued operation:

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

31. CAPITAL COMMITMENT

As at 31 March 2012, the Group had the following capital commitment:

	Group	
	2012	2011
	HK$'000	HK$'000
Contracted but not provided for:		
— Continuing operation		
— Property, plant and equipment	**23**	1,889
— Public bus licences	**3,162**	—
— PLB licence	**6,670**	—
	9,855	1,889
— Discontinued operation		
— Property, plant and equipment	**—**	7,495
	9,855	9,384

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32. FINANCIAL GUARANTEE CONTRACTS

As at 31 March 2012, the Company had executed corporate guarantees to secure general banking facilities granted to the subsidiaries which amounted to HK$170,831,000 (2011: HK$234,510,000). Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the balance sheet date, the outstanding balance of the bank loans was HK$129,115,000 (2011: HK$135,069,000) and this represents the Company's maximum exposure under the guarantee contract. No provision for the Company's obligation under the financial guarantee contract has been made as the directors considered that it was not probable that the repayment of loan would be in default.

33. RELATED PARTY TRANSACTIONS

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

Continuing operation:

(a) Key management compensation

	2012 **HK$'000**	2011 HK$'000
Fees	**1,248**	1,031
Salaries, allowances and benefits in kind	**5,756**	5,684
Bonuses	**2,788**	3,811
Contribution to defined contribution plans	**96**	96
Share-based compensation	**500**	39
	10,388	10,661

(b) Sales and purchase

	2012 **HK$'000**	2011 HK$'000
Repair and maintenance service income received (note (i),(iii))	**1**	171
Agency fee income received (note (i),(iii))	**2,327**	2,326
Management fee income received (note (i),(iii))	**418**	555
PLB hire charges paid (note (i),(iii))	**49,990**	53,038
Compensation for loss of PLBs paid (note (i),(iii))	**295**	20
Purchase of a motor vehicle (note (i),(iii))	**—**	485

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33. RELATED PARTY TRANSACTIONS (Continued)

Discontinued operation:

(a) Key management compensation

	2012 HK$'000	2011 HK$'000
Salaries, allowances and benefits in kind	**829**	2,267
Bonuses	**5,166**	102
Contribution to defined contribution plans	**5**	16
	6,000	2,385

(b) Sales and purchase

	2012 HK$'000	2011 HK$'000
Rental and administrative service expense paid (note (ii),(iii))	**47**	140
Quota charges paid (note (ii),(iii))	**52**	156
System development services fee paid and its additional services provided thereafter (note (i),(iii))	**154**	427

(c) During the year ended 31 March 2011, the Group entered into system development contracts with a related company (note (i),(iii)) of approximately HK$577,000, of which approximately HK$240,000 has been included in capital commitment (note 31).

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

Notes:

(i) All transactions were entered into between the Group and the related companies in which Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, the directors of the Group, are the directors and major shareholders. Ms. Wong Wai Sum, May, a director of the Group, also has beneficial interests in these related companies.

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

(iii) The related party transactions disclosed also constituted connected transactions as defined in Chapter 14A of the Listing Rules.

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34. CASH GENERATED FROM OPERATIONS

	2012 HK$'000	2011 HK$'000
Operating profit from continuing operation	**14,038**	36,120
Operating profit from discontinued operation	**—**	6,360
Adjustment for:		
Depreciation of property, plant and equipment	**1,908**	13,656
Deficit/(Reversal of deficit) on revaluation of PLB licences	**2,750**	(80)
Provision for impairment of trade receivables	**18**	11
Share-based compensation	**1,313**	39
Interest income	**(1,604)**	(31)
Net exchange gain	**(124)**	—
Net gain on disposal of property, plant and equipment	**(42)**	(13)
Operating profit before changes in working capital	**18,257**	56,062
Changes in working capital:		
Trade and other receivables	**(2,653)**	(3,437)
Amount due from a jointly controlled entity	**—**	68
Trade and other payables	**2,278**	2,653
Deferred income	**—**	1,327
Cash generated from operations	**17,882**	56,673

35. BUSINESS COMBINATION

(a) On 1 April 2011, the Group's subsidiary, Gurnard Holdings Limited, acquired the entire interest in and shareholders' loans to Hong Kong Maxicab Limited ("HKM"), a company which is principally engaged in the provision of PLB transportation services in Hong Kong.

HKM contributed revenue of HK$19,599,000 and net loss of HK$3,870,000 to the Group for the period from 1 April 2011 to 31 March 2012.

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

	HK$'000
Purchase consideration	**32,000**
Fair value of net assets acquired	**(13)**
Goodwill (note 19)	**31,987**

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

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35. BUSINESS COMBINATION (Continued)

(a) (Continued)

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

	Acquiree's carrying amount and fair value HK$'000
Property, plant and equipment	2
Trade and other receivables	97
Bank balances and cash	1,138
Trade and other payables	(1,224)
Net assets acquired	13
Purchase consideration settled in cash	32,000
Less: deposit paid in prior year (note 21)	(32,000)
	–
Bank balances and cash of the acquired subsidiary	(1,138)
Net cash inflow on acquisition of the subsidiary	(1,138)

(b) On 7 September 2011, the Group's subsidiary, Gurnard Holdings Limited, entered into a sale and purchase agreement with So Sai Hung, Lo Hon Keung, Ip Po Fun, Jessie, Yip Chun, Tsui Po Keung and So Chi Hung to acquire the entire interest in Central Maxicab Limited ("CML"), a company which is principally engaged in the provision of PLB transportation services in Hong Kong. The acquisition was completed on 1 November 2011.

CML contributed revenue of HK$10,802,000, net profit before revaluation of PLB licences of HK$2,025,000 and deficit on revaluation of PLB licences of HK$2,750,000 to the Group for the period from 1 November 2011 to 31 March 2012.

If the acquisition had occurred on 1 April 2011, the Group's revenue and net profit for the year ended 31 March 2012 would have been HK$348,673,000 and HK$140,944,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor intended to be a projection of future results.

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35. BUSINESS COMBINATION (Continued)

(b) (Continued)

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

	HK$'000
Purchase consideration	137,804
Fair value of net assets acquired	(96,853)
Goodwill (note 19)	40,951

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

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

	Acquiree's carrying amount HK$'000	Fair value HK$'000
Property, plant and equipment	2,871	4,786
PLB licences	78,453	168,750
Trade and other receivables	551	551
Tax recoverable	17	17
Trade and other payables	(37)	(37)
Borrowings	(77,107)	(77,107)
Deferred tax liabilities	(107)	(107)
Net assets acquired	4,641	96,853
Purchase consideration settled in cash		137,804
Bank balances and cash of the acquired subsidiary		—
Net cash outflow on acquisition of the subsidiary		137,804

Notes to the Financial Statements

For the year ended 31 March 2012

36. DISPOSAL OF SUBSIDIARIES

On 27 April 2011, the Company entered into an agreement with TLS, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited, to dispose of its entire interest in the Disposal Group, at a consideration of HK$300,000,000, subject to adjustment. The Disposal was completed on 31 July 2011.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	64,829
Public bus licences	5,196
Goodwill	158,474
Interest in a jointly controlled entity	250
Trade and other receivables	22,173
Amount due from a jointly controlled entity	1,047
Bank balances and cash, net	153
Borrowings	(45)
Tax payable, net	(590)
Trade and other payables	(54,166)
Deferred income	(5,851)
Deferred tax liabilities, net	(6,749)
Net assets	184,721
Non-controlling interests	(20,095)
Translation reserve	(846)
Gain on disposal of subsidiaries (note 14(a))	127,498
Expenses on disposal of subsidiaries	5,207
Total consideration	296,485
Satisfied by:	
Consideration settled in cash	296,485
Expenses paid on disposal of subsidiaries	(1,035)
Net cash inflow on disposal of subsidiaries	295,450

Notes to the Financial Statements

For the year ended 31 March 2012

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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

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

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

37.1 Categories of financial assets and liabilities

(i) Financial assets

	Group	
	2012	2011
	HK$'000	HK$'000
Loans and receivables:		
Trade and other receivables	**4,814**	3,807
Bank balances and cash	**108,067**	20,699
	112,881	24,506
Classified under assets held for sale:		
Loans and receivables:		
Trade and other receivables	**–**	14,540
Amount due from a jointly controlled entity	**–**	1,065
Bank balances and cash	**–**	8,892
	–	24,497

	Company	
	2012	2011
	HK$'000	HK$'000
Loans and receivables:		
Amounts due from subsidiaries	**296,503**	231,446
Other receivables	**71**	—
Bank balances and cash	**5,159**	7,667
	301,733	239,113

Notes to the Financial Statements

For the year ended 31 March 2012

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

37.1 Categories of financial assets and liabilities (Continued)

(ii) Financial liabilities

	Group 2012 HK$'000	Group 2011 HK$'000
At amortised cost:		
Borrowings	**129,115**	56,907
Trade and other payables	**25,724**	17,167
	154,839	74,074
Classified under liabilities directly associated with assets held for sale:		
At amortised cost:		
Borrowings	**–**	82,280
Trade and other payables	**–**	15,074
	–	97,354
At fair value through profit or loss:		
Other financial liability	**–**	2,190
	–	99,544

	Company 2012 HK$'000	Company 2011 HK$'000
At amortised cost:		
Amounts due to subsidiaries	**6,558**	160,060
Other payables	**159**	163
	6,717	160,223

37.2 Foreign exchange risk

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

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

37.3 Price risk

The Group is exposed to fuel price risk. At 31 March 2012 and 2011, the Group did not have any hedging policies over its anticipated fuel consumption. The management continues to closely monitor the changes in market condition.

37.4 Liquidity risk

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

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

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

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

	Group					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
2012						
Non-derivative financial liabilities:						
Borrowings	**129,115**	**151,133**	**10,163**	**10,163**	**30,490**	**100,317**
Trade and other payables	**25,724**	**25,724**	**25,724**	**–**	**–**	**–**
	154,839	**176,857**	**35,887**	**10,163**	**30,490**	**100,317**
2011						
Non-derivative financial liabilities:						
Borrowings	56,907	65,412	4,045	4,045	12,133	45,189
Trade and other payables	17,167	17,167	17,167	–	–	–
	74,074	82,579	21,212	4,045	12,133	45,189
Classified under liabilities directly associated with assets held for sale:						
Non-derivative financial liabilities:						
Borrowings	82,280	84,698	84,698	–	–	–
Trade and other payables	15,074	15,074	15,074	–	–	–
	97,354	99,772	99,772	–	–	–
Derivative financial liabilities:						
Other financial liability	2,190	–	–	–	–	–

Notes to the Financial Statements

For the year ended 31 March 2012

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

37.4 Liquidity risk (Continued)

	Company					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
2012						
Non-derivative financial liabilities:						
Amounts due to subsidiaries	**6,558**	**6,558**	**6,558**	**–**	**–**	**–**
Other payables	**159**	**159**	**159**	**–**	**–**	**–**
	6,717	**6,717**	**6,717**	**–**	**–**	**–**
2011						
Non-derivative financial liabilities:						
Amounts due to subsidiaries	160,060	160,060	160,060	–	–	–
Other payables	163	163	163	–	–	–
	160,223	160,223	160,223	–	–	–

37.5 Interest rate risk

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

The change in interest rate will affect the net profit of the Group. It is estimated that a decrease/increase of 1% (2011: 1%) in interest rate, with all other variables remaining constant, the Group's consolidated equity and profit after tax would increase/decrease by approximately HK$344,000 (2011: HK$1,117,000). The 1% increase or decrease represents the reasonable possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for 2011.

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.

37.6 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 37.1(i) above.

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

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

Notes to the Financial Statements

For the year ended 31 March 2012

38. 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 excluding non-controlling interests.

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

	2012 **HK$'000**	2011 HK$'000
Short term borrowings	**7,600**	3,062
Long term borrowings	**121,515**	53,845
	129,115	56,907
Bank balances and cash	**(108,067)**	(20,699)
Net debts	**21,048**	36,208
Total equity excluding non-controlling interests	**392,904**	303,003
Net debt-to-equity ratio	**5%**	12%

39. EVENT AFTER THE BALANCE SHEET DATE

After the balance sheet date, the Group purchased 7 PLB licences together with the 7 corresponding PLBs at a total consideration of HK$47,753,000 for operational use.

Group Financial Summary

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

RESULTS

	Year ended 31 March				
	2012 HK'000	2011 HK'000	2010 HK'000	2009 HK'000	2008 HK'000
CONTINUING OPERATION:					
Turnover	**334,447**	305,225	302,754	297,545	290,358
Direct costs	**(290,433)**	(244,998)	(234,265)	(241,507)	(229,766)
Gross profit	**44,014**	60,227	68,489	56,038	60,592
Other revenue	**7,529**	5,612	6,128	4,667	5,410
Other net income	**391**	256	196	92	49
(Deficit)/Reversal of deficit on revaluation of PLB licences	**(2,750)**	80	810	(710)	400
Administrative expenses	**(32,938)**	(28,995)	(26,810)	(26,404)	(27,945)
Other operating expenses	**(2,208)**	(1,060)	(1,096)	(1,388)	(1,111)
Operating profit	**14,038**	36,120	47,717	32,295	37,395
Finance costs	**(1,776)**	(618)	(592)	(676)	(1,327)
Profit before income tax	**12,262**	35,502	47,125	31,619	36,068
Income tax expense	**(2,275)**	(6,014)	(7,683)	(5,158)	(6,183)
Profit for the year from continuing operation	**9,987**	29,488	39,442	26,461	29,885
DISCONTINUED OPERATION:					
Profit for the year from discontinued operation	**2,903**	2,854	9,985	16,304	9,605
Gain on disposal of subsidiaries	**127,498**	—	—	—	—
	130,401	2,854	9,985	16,304	9,605
Profit for the year	**140,388**	32,342	49,427	42,765	39,490
Attributable to:					
Equity holders of the Company	**140,253**	31,836	47,766	39,164	37,067
Non-controlling interests	**135**	506	1,661	3,601	2,423
Profit for the year	**140,388**	32,342	49,427	42,765	39,490

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2012 HK'000	2011 HK'000	2010 HK'000	2009 HK'000	2008 HK'000
Total assets	**548,313**	510,613	455,901	414,033	416,537
Total liabilities	**155,409**	187,195	160,898	162,751	169,733
Non-controlling interests	**—**	20,415	19,731	18,070	15,309

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