



Independent Review Report to the members of
AMS Public Transport Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of AMS Public Transport Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 2 to 16, which comprises the condensed consolidated balance sheet as at 30 September 2017, and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of the condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Grant Thornton Hong Kong Limited

Certified Public Accountants

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Hong Kong, 30 November 2017

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2017, together with the unaudited comparative figures for the corresponding period in 2016. The unaudited condensed consolidated interim financial statements have been reviewed by the auditor and the audit committee of the Company (the “Audit Committee”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

	Notes	For the six months ended 30 September	
		2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Revenue	3	189,814	188,654
Direct costs		(163,418)	(151,660)
Gross profit		26,396	36,994
Other revenue	4	3,784	4,029
Other net income	4	24	212
Deficit on revaluation of PLB licences	10	(29,250)	(1,280)
Administrative expenses		(20,107)	(19,045)
Other operating expenses		(955)	(571)
Operating (loss)/profit		(20,108)	20,339
Finance costs		(1,552)	(1,501)
(Loss)/Profit before income tax	6	(21,660)	18,838
Income tax expense	7	(1,230)	(3,308)
(Loss)/Profit for the period		(22,890)	15,530
(Loss)/Earnings per share attributable to equity holders of the Company			
— Basic (In HK cents)	9	(8.44)	5.82
— Diluted (In HK cents)	9	(8.42)	5.81

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		For the six months ended 30 September	
		2017	2016
	Notes	Unaudited HK\$'000	Unaudited HK\$'000
(Loss)/Profit for the period		(22,890)	15,530
Other comprehensive expense			
Item that will not be reclassified subsequently to income statement			
— Deficit on revaluation of PLB licences	10	(14,310)	(350)
Total comprehensive (expense)/income for the period		(37,200)	15,180

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2017

		30 September 2017 Unaudited HK\$'000	31 March 2017 Audited HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	23,520	22,721
PLB licences	10	293,040	336,600
Public bus licences	10	9,284	9,284
Goodwill	10	22,918	22,918
Deferred tax assets		1,434	1,494
		350,196	393,017
Current assets			
Trade and other receivables	11	9,130	8,978
Tax recoverable		547	1,031
Bank balances and cash		27,786	62,071
		37,463	72,080
Current liabilities			
Borrowings		9,399	9,796
Trade and other payables	12	28,173	25,535
Tax payable		1,046	845
		38,618	36,176
Net current (liabilities)/assets		(1,155)	35,904
Total assets less current liabilities		349,041	428,921
Non-current liabilities			
Borrowings		148,901	165,931
Deferred tax liabilities		1,156	1,046
		150,057	166,977
Net assets		198,984	261,944
EQUITY			
Share capital	13	27,191	27,077
Reserves		171,793	234,867
Total equity		198,984	261,944

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	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	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2017 (Audited)	27,077	73,100	22,307	1,881	19,296	118,283	261,944
Loss for the period	-	-	-	-	-	(22,890)	(22,890)
Other comprehensive expense							
— Deficit on revaluation of PLB licences (note 10)	-	-	(14,310)	-	-	-	(14,310)
Total comprehensive expense for the period	-	-	(14,310)	-	-	(22,890)	(37,200)
Exercise of share options	114	1,512	-	(195)	-	-	1,431
2017 final dividends (note 8)	-	-	-	-	-	(27,191)	(27,191)
Transaction with owners	114	1,512	-	(195)	-	(27,191)	(25,760)
Lapse of share options	-	-	-	(20)	-	20	-
As at 30 September 2017 (Unaudited)	27,191	74,612	7,997	1,666	19,296	68,222	198,984
As at 1 April 2016 (Audited)	26,613	66,970	23,187	2,671	19,296	114,944	253,681
Profit for the period	-	-	-	-	-	15,530	15,530
Other comprehensive expense							
— Deficit on revaluation of PLB licences (note 10)	-	-	(350)	-	-	-	(350)
Total comprehensive income/ (expense) for the period	-	-	(350)	-	-	15,530	15,180
Exercise of share options	464	6,130	-	(790)	-	-	5,804
2016 final dividends (note 8)	-	-	-	-	-	(27,077)	(27,077)
Transaction with owners	464	6,130	-	(790)	-	(27,077)	(21,273)
As at 30 September 2016 (Unaudited)	27,077	73,100	22,837	1,881	19,296	103,397	247,588

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	For the six months ended 30 September	
	2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Net cash inflow from operating activities	12,043	24,803
Net cash outflow from investing activities	(1,589)	(27,104)
Net cash outflow from financing activities	(44,739)	(18,909)
Net decrease in cash and cash equivalents	(34,285)	(21,210)
Cash and cash equivalents at the beginning of the period	62,071	65,988
Effect of foreign exchange rate changes, on cash held	-	(4)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	27,786	44,774

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. Corporate information

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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The head office and principal place of business of the Company is located at 11th–12th Floor, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong. 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.

2. Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2017.

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for public light bus (“PLB”) licences which are stated at fair values. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2017, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are relevant to and effective for the Group’s financial statements for annual accounting period beginning on 1 April 2017. The effect of the adoption of these new or amended HKFRSs was not material to the financial results or financial position of the Group.

The Group has not applied any new or amended HKFRSs that have been issued but are not yet effective. The directors of the Company (the “Directors”) anticipate that the application of these new or amended HKFRSs will have no material impact on the results and financial position of the Group.

3. Revenue

	For the six months ended 30 September	
	2017	2016
	Unaudited	Unaudited
	HK\$’000	HK\$’000
Services income	189,814	188,654

4. Other revenue and other net income

	For the six months ended 30 September	
	2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Other revenue		
Advertising income	1,989	1,989
Administration fee income	1,247	1,247
Government subsidies (note (i))	310	540
Interest income	117	138
Management fee income	114	108
Repair and maintenance service income	7	7
	3,784	4,029
Other net income		
Gain/(Loss) on disposal of property, plant and equipment	14	(233)
Net exchange loss	-	(4)
Vehicle testing income	-	406
Sundry income	10	43
	24	212
	3,808	4,241

Note (i): During the six months ended 30 September 2017, the Group was entitled to receive subsidies of HK\$310,000 (2016: HK\$540,000) under the HKSAR Government's Exgratia Payment Scheme ("EP Scheme") for the disposal of certain pre-Euro IV diesel commercial vehicles (the "Disposal"). The government grants to the Group were recognised as income in the consolidated income statement for the period of the Disposal and when the conditions under the EP Scheme were complied with.

5. Segment information

The only operating segment of the Group is the franchised PLB and residents' bus services. No separate analysis of the reportable segment results by operating segment is necessary.

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

No individual customers contributed over 10% of the Group's revenue for the six months ended 30 September 2017 and 2016.

6. (Loss)/Profit before income tax

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

	For the six months ended 30 September	
	2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Fuel cost in direct costs	24,393	20,559
Employee benefits expense (including directors' emoluments)	98,236	90,750
Operating lease rental in respect of		
— PLBs	38,279	37,553
— land and buildings	31	19
Depreciation of property, plant and equipment (note 10)	1,231	837
Deficit on revaluation of PLB licences (note 10)	29,250	1,280
(Gain)/Loss on disposal of property, plant and equipment (note 4)	(14)	233
Net exchange loss (note 4)	—	4

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period.

	For the six months ended 30 September	
	2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Current tax	1,060	2,847
Deferred tax	170	461
Total income tax expense	1,230	3,308

8. Dividends

(a) *Dividends attributable to the period*

No interim dividend was declared by the Company for the six months ended 30 September 2017 (2016: Nil).

8. Dividends (Continued)

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

	For the six months ended 30 September	
	2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Final dividend of HK10.0 cents (2016: HK10.0 cents) per ordinary share	27,191	27,077

The final dividend declared for the year ended 31 March 2017 was HK10.0 cents (2016: HK10.0 cents) per ordinary share, totalling HK\$27,077,000 (2016: HK\$26,613,000) at the date of declaration. The actual payment of the final dividend for the year ended 31 March 2017 was HK\$27,191,000 (2016: HK\$27,077,000) of which HK\$114,000 (2016: HK\$464,000) was paid for shares issued for share options exercised after the date of declaration.

9. (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company amounting to HK\$22,890,000 (2016: profit of HK\$15,530,000) and on the weighted average number of 271,069,000 (2016: 266,898,000) ordinary shares in issue during the period.

(b) Diluted (loss)/earnings per share

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

Details of calculation of diluted (loss)/earnings per share are shown as follows:

	For the six months ended 30 September	
	2017 Unaudited	2016 Unaudited
(Loss)/Profit attributable to equity holders of the Company for the period (HK\$'000)	(22,890)	15,530
Weighted average number of ordinary shares in issue during the period (in thousands)	271,069	266,898
Effect of dilutive potential shares on exercise of share options (in thousands)	634	619
Weighted average number of ordinary shares used in calculating diluted earnings per share (in thousands)	271,703	267,517
Diluted (loss)/earnings per share (HK cents)	(8.42)	5.81

10. Capital expenditure

The following table shows the movements in property, plant and equipment, PLB licences, public bus licences and goodwill:

	Property, plant and equipment HK\$'000	PLB licences HK\$'000	Public bus licences HK\$'000	Goodwill HK\$'000
As at 1 April 2017 (Audited)	22,721	336,600	9,284	22,918
Additions	2,030	-	-	-
Deficit on revaluation charged to consolidated income statement	-	(29,250)	-	-
Deficit on revaluation dealt with in revaluation reserve	-	(14,310)	-	-
Depreciation	(1,231)	-	-	-
As at 30 September 2017 (Unaudited)	23,520	293,040	9,284	22,918
As at 1 April 2016 (Audited)	16,707	290,080	9,284	22,918
Additions	1,860	30,850	-	-
Disposals	(261)	-	-	-
Deficit on revaluation charged to consolidated income statement	-	(1,280)	-	-
Deficit on revaluation dealt with in revaluation reserve	-	(350)	-	-
Depreciation	(837)	-	-	-
As at 30 September 2016 (Unaudited)	17,469	319,300	9,284	22,918

The fair value of a PLB licence dropped to HK\$4,440,000 as at 30 September 2017 (31 March 2017: HK\$5,100,000). At the balance sheet date, the PLB licences were revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuer. The fair value of PLB licences was determined under the market approach with reference to the average of recent market-quoted prices from different market dealers. As they were observable inputs which failed to meet Level 1, and there were not significant unobservable inputs used, the measurement was under Level 2 valuation hierarchy. The key assumptions under the market approach are consistent with those used and disclosed in the Group's annual financial statements for the year ended 31 March 2017.

Fair value hierarchy

The following table presents the fair value of the Group's PLB licences measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured by using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured by using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured by using significant unobservable inputs.

10. Capital expenditure (Continued)*Fair value hierarchy (Continued)*

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurement of PLB licences:				
As at 30 September 2017 (Unaudited)	–	293,040	–	293,040
As at 31 March 2017 (Audited)	–	336,600	–	336,600

During the six months ended 30 September 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the balance sheet date in which they occur.

11. Trade and other receivables

	30 September 2017 Unaudited HK\$'000	31 March 2017 Audited HK\$'000
Trade receivables — gross	2,298	1,546
Less: provision for impairment	–	–
Trade receivables — net	2,298	1,546
Deposits	917	974
Prepayments	2,741	2,194
Other receivables	3,174	4,264
	9,130	8,978

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

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

11. Trade and other receivables (Continued)

The ageing analysis of trade receivables, prepared in accordance with the invoice dates, is as follows:

	30 September 2017 Unaudited HK\$'000	31 March 2017 Audited HK\$'000
0 to 30 days	2,178	1,218
31 to 60 days	80	124
61 to 90 days	40	85
Over 90 days	–	119
	2,298	1,546

12. Trade and other payables

	30 September 2017 Unaudited HK\$'000	31 March 2017 Audited HK\$'000
Trade payables	5,070	4,534
Other payables and accruals	23,103	21,001
	28,173	25,535

The Group is 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:

	30 September 2017 Unaudited HK\$'000	31 March 2017 Audited HK\$'000
0 to 30 days	5,070	4,534

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

13. Share capital

	30 September 2017		31 March 2017	
	Number in thousand	Unaudited HK\$'000	Number in thousand	Audited HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	1,000,000	100,000	1,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each				
At the beginning of the period	270,768	27,077	266,125	26,613
Exercise of share options	1,145	114	4,643	464
At the end of the period	271,913	27,191	270,768	27,077

14. Share-based compensation

Share options outstanding and the weighted average exercise prices are as follows:

	For the six months ended 30 September		Number of share options	Weighted average exercise price HK\$
	2017	2016		
Outstanding at the beginning of the period	8,735,000	1.45	13,378,000	1.38
Exercised	(1,145,000)	1.25	(4,643,000)	1.25
Lapsed	(93,000)	1.44	–	–
Outstanding at the end of the period	7,497,000	1.48	8,735,000	1.45
Exercisable at the end of the period	7,497,000	1.48	8,735,000	1.45

Details of the outstanding share options are set out on page 26 of this interim report.

15. Banking facilities

As at 30 September 2017, the Group's banking facilities was HK\$182,600,000 (31 March 2017: HK\$200,027,000) in total, of which approximately HK\$158,300,000 (31 March 2017: HK\$175,727,000) were utilised. These facilities were secured by:

- (i) pledges of certain property, plant and equipment of the Group with net book value of HK\$5,505,000 as at 30 September 2017 (31 March 2017: HK\$4,987,000);
- (ii) pledges of certain PLB licences with carrying amount of HK\$182,040,000 as at 30 September 2017 (31 March 2017: HK\$224,400,000); and
- (iii) guarantees provided by the Company of HK\$228,030,000 as at 30 September 2017 (31 March 2017: HK\$228,030,000).

16. Capital commitments

The capital commitments of the Group are as follows:

	30 September 2017 Unaudited HK\$'000	31 March 2017 Audited HK\$'000
Contracted but not provided for: Property, plant and equipment	3,250	3,307

17. Related party transactions

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the six months ended 30 September 2017, the Group had the following significant transactions with its related parties:

	For the six months ended 30 September 2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
(a) Key management compensation		
Short-term employee benefits	5,590	5,644
Post-employment benefits	63	63
	5,653	5,707

17. Related party transactions (Continued)

(b) Related companies

Name of related companies	Nature of transactions	For the six months ended 30 September	
		2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Hong Kong & China Transportation Consultants Limited	PLB hire charges paid	11,580	11,252
	Administration fee income received	374	374
	Purchase scrap salvage of PLB	10	140
Maxson Transportation Limited	PLB hire charges paid	12,912	12,615
	Administration fee income received	420	420
	Purchase scrap salvage of PLB	–	98
Big Three Limited	PLB hire charges paid	11,313	10,881
	Administration fee income received	369	362
	Purchase scrap salvage of PLB	–	85
Hong Kong Metropolitan Bus Limited	PLB hire charges paid	–	199
	Administration fee income received	–	7

Notes:

- (i) During the period, all above transactions were entered into between the Group and the above related companies in which Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, May and Ms. Wong Wai Man, Vivian, all being the Directors, have directorship and beneficial interest in these related companies. Mr. Wong Man Kit, the former Director who had resigned as Director on 29 August 2017, also held directorship and beneficial interest in these related companies.
- (ii) The related party transactions were conducted in the Group's normal course of business and at mutually agreed prices and terms.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDENDS

Owing to a non-cash deficit on revaluation of PLB licences amounting to HK\$29,250,000 (2016: HK\$1,280,000) charged to consolidated income statement, the Group recorded a loss for the six months ended 30 September 2017 of HK\$22,890,000 (2016: profit of HK\$15,530,000). The profit excluding the non-cash deficit on revaluation of PLB licences decreased by HK\$10,450,000 or 62.2% to HK\$6,360,000 (2016: HK\$16,810,000) compared with same period last year, primarily attributable to inflating fuel prices and staff costs.

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

- As always, the Group continues to do its best endeavor to carry out routes restructuring in order to meet the passengers demand and optimise the operational efficiency. During the period, series of route restructuring plans involving 6 PLB routes (2016: 9) and 2 residents' bus route (2016: 1) had been approved and completed. Such route rationalisations mainly adjusted the Group's services in the southern district in response to the passengers' demand to the MTR South Island Line ("SIL") feeder service. Upon the commencement of the SIL in late December 2016, the Group launched three ancillary routes to provide feeder services to the commuters. Among these feeder routes, the performance of the one operating in Aberdeen was relatively satisfactory and it became the main reason of the increase in the ridership of the Group for the period. Although certain long haul cross district routes were affected by the extension of MTR Island lines, riding on the fast and frequent service of these short haul feeder routes, the patronage for the period increased by 2.1% to 29,634,000 (2016: 29,038,000) compared with last period.
- There was no change in the number of PLBs in service during the six months ended 30 September 2017. As at 30 September 2017, the PLB fleet size of the Group remained at 363 PLBs (31 March 2017: 363 PLBs; 30 September 2016: 358 PLBs) while the number of PLB routes reduced by one to 69 as at 30 September 2017 (31 March 2017: 70; 30 September 2016: 65 routes). The Group also operated 4 residents' bus routes (31 March 2017 and 30 September 2016: 4 routes) with 6 public buses (31 March 2017 and 30 September 2016: 6 public buses) as at 30 September 2017. The total mileage travelled for the period slightly decreased by 1.4% to 20,842,000 kilometers (2016: 21,148,000 kilometers), which was mainly attributable to the slightly adjusted service schedule of routes operating in Shatin and Kwai Chung areas.
- For the sake of the comfort of the passengers and operational efficiency, the Group replaced 21 aged PLBs with brand new long-wheeled Liquefied Petroleum Gas ("LPG") PLBs during the period (2016: 22 PLBs). Hence, the average fleet age reduced to 9.2 years (31 March 2017: 10.1 years) as at 30 September 2017. The Group aims to further replace 126 aged PLBs by end of 2019.

- The amendment of the Road Traffic Ordinance to increase the maximum passenger seating capacity of minibuses from 16 to 19 has come into effect on 7 July 2017. Up to 30 September 2017, the Group has deployed twelve 19-seated PLBs. Apart from deploying brand new 19-seated PLBs, the Group plans to retrofit around 71 16-seated PLBs into 19-seated PLBs by the end of 2018.

The details of the unaudited consolidated interim results for the period are presented below:

	For the six months ended		Increase/ (Decrease)	In %
	2017	2016		
	HK\$'000	HK\$'000	HK\$'000	
Revenue	189,814	188,654	1,160	0.6%
Other revenue and other net income	3,808	4,241	(433)	-10.2%
Direct costs	(163,418)	(151,660)	11,758	7.8%
Administrative and other operating expenses	(21,062)	(19,616)	1,446	7.4%
Finance costs	(1,552)	(1,501)	51	3.4%
Income tax expense	(1,230)	(3,308)	(2,078)	-62.8%
Profit for the period before deficit on revaluation of PLB licences	6,360	16,810	(10,450)	-62.2%
Deficit on revaluation of PLB licences	(29,250)	(1,280)	27,970	2,185.2%
(Loss)/Profit for the period	(22,890)	15,530	(38,420)	-247.4%

- To ease the pressure from the inflating staff costs, the Group continued to submit fare increase application for certain underperforming routes during the period. During the period, fare rise in 6 routes had been approved and implemented at rates ranging from 8.7% to 9.8% (2016: Nil). Contributed by the short feeder routes which fares were relatively lower than other longer haul routes, the patronage of the Group increased by 2.1% compared with last period. Therefore, the revenue for the period slightly increased by HK\$1,160,000 or 0.6% to HK\$189,814,000 (2016: HK\$188,654,000), compared with same period last year.
- The direct costs for the period increased by HK\$11,758,000 or 7.8% to HK\$163,418,000 (2016: HK\$151,660,000) compared with last period. The major direct costs of the Group are labour costs, PLB rental expenses, fuel costs and repair and maintenance ("R&M") costs, which altogether made up around 94.4 % (2016: 94.4%) of the total direct costs for the period. The changes on these major direct costs are as follows:
 - Fuel costs: With the increase in international fuel prices, the average diesel and LPG unit prices increased by around 15.1% and 20.9% compared with last period. This is the main reason for the increase in fuel costs for the period by HK\$3,834,000 or 18.6% to HK\$24,393,000 (2016: HK\$20,559,000);

- Labour costs: Owing to the increase in average PLB fleet size by around 2.0% and captains' payrise of approximately 6.6% on average in April 2017, the labour costs of captains for the period increased by HK\$7,046,000 or 10.2% to HK\$75,956,000 (2016: HK\$68,910,000);
 - PLB rental expenses: The PLB rental expense increased by HK\$726,000 or 1.9% to HK\$38,279,000 (2016: HK\$37,553,000) compared with last period, which was mainly due to replacing 46 leased aged PLBs by new PLBs at higher rental rate compared with last period; and
 - R&M costs: To promote the comfort of passengers, the Group upgraded the fleet by replacing aged vehicles and thus lowered the fleet age to 9.2 years as at 30 September 2017 (2016: 10.1 years). Although the average PLB fleet size for the period increased by around 2.0% compared with last period, the better mechanical reliability of the new vehicles effectively reduced the R&M costs for the period decreased by HK\$467,000 or 2.9% to HK\$15,661,000 (2016: HK\$16,128,000).
- The fair value of a PLB licence was further down by HK\$660,000 or 12.9% to HK\$4,440,000 as at 30 September 2017 (31 March 2017: HK\$5,100,000). Therefore, the total carrying amount of the PLB licences of the Group as at 30 September 2017 was HK\$293,040,000, representing a decrease of HK\$43,560,000 or 12.9% compared with the balance as at 31 March 2017 (31 March 2017: HK\$336,600,000), of which HK\$29,250,000 (2016: HK\$1,280,000) was charged to the consolidated income statement and the remaining HK\$14,310,000 (2016: HK\$350,000) was charged to PLB licences revaluation reserve. Please also refer to the note 10 of the unaudited condensed consolidated interim financial statements for more information on the carrying amount of PLB licences.

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

- The administrative and other operating expenses increased by HK\$1,446,000 or 7.4% to HK\$21,062,000 (2016: HK\$19,616,000), which was mainly attributable to the salaries increase for the administrative staff and the professional fees paid for the renewal of a continuing connected transaction, which has been approved by the shareholders during the annual general meeting 2017.
- The finance costs of the Group for the reporting period was HK\$1,552,000, representing an increase of HK\$51,000 or 3.4% compared with last period (2016: HK\$1,501,000). Although the average bank borrowing balance during the period was 10.8% higher than that of last period, the refinancing arrangements carried out in last financial year effectively lowered the average borrowing interest rate by approximately 14 basis points (i.e. 0.14%) compared with that of last period. As a result, the finance costs for the period maintained at similar level as that of the same period last year.

- During the reporting period, income tax expense reduced to HK\$1,230,000 (2016: HK\$3,308,000). Excluding the non-deductible effect of deficit on revaluation of PLB licences of HK\$29,250,000, the effective tax rate for the period was 16.2% (2016: 16.4%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2016: 16.5%).

Cash flow

The analysis of net cash flow of the Group is as follow:

	For the six months ended	
	2017	2016
	HK\$'000	HK\$'000
Net cash from operating activities (note (i))	12,043	24,803
Net cash used in investing activities:		
Capital expenditure excluding the acquisition of PLB licences	(2,030)	(1,860)
Acquisition of PLB licences	–	(25,950)
Government subsidies received	310	540
Interest received	117	138
Proceeds from disposal of property, plant and equipment	14	28
	(1,589)	(27,104)
Net cash used in financing activities		
Dividends paid to shareholders	(27,191)	(27,077)
Repayment of borrowings	(17,427)	(12,135)
Proceeds of borrowings	–	16,000
Capital received from exercise of share options	1,431	5,804
Interest paid	(1,552)	(1,501)
	(44,739)	(18,909)
Net decrease in cash and cash equivalents	(34,285)	(21,210)

Note:

- The net cash from operating activities decreased by HK\$12,760,000 or 51.4% to HK\$12,043,000, generally in line with the drop in the operating profit of the Group (excluding deficit on revaluation of PLB licences) for the period.

Capital structure, liquidity, financial resources and policies

Liquidity and financial resources

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

As at 30 September 2017, the Group had net current liabilities of HK\$1,155,000 (31 March 2017: net current assets of HK\$35,904,000), and the current ratio (current assets/current liabilities) was 0.97 times (31 March 2017: 1.99 times). The drop in current ratio was mainly due to the reduction in bank balances and cash by HK\$34,285,000 or 55.2% to HK\$27,786,000 as at 30 September 2017 (31 March 2017: HK\$62,071,000). Please refer to the "Cash Flow" section above for the details of the net cash outflow for the period.

As at 30 September 2017, the Group had bank balances and cash amounting to HK\$27,786,000 (31 March 2017: HK\$62,071,000). All of the bank balances and cash as at 30 September 2017 and 31 March 2017 were denominated in Hong Kong dollars.

As at 30 September 2017, the Group had banking facilities totaling HK\$182,600,000 (31 March 2017: HK\$200,027,000) of which HK\$158,300,000 (31 March 2017: HK\$175,727,000) was utilised.

Borrowings

There was no new borrowing incepted during the period. Apart from scheduled principal repayments, the Group early repaid bank borrowings amounting to HK\$12,797,000 as a part of the refinancing arrangement. As a result, the balance of the total borrowings of the Group decreased by HK\$17,427,000 or 9.9% to HK\$158,300,000 as at 30 September 2017 (31 March 2017: HK\$175,727,000).

The maturity profiles of the borrowings are as follows:

	As at 30 September 2017 HK\$'000	As at 31 March 2017 HK\$'000
Within one year	9,399	9,796
In the second year	9,582	9,991
In the third to fifth years	44,057	46,475
After the fifth year	95,262	109,465
	158,300	175,727

The gearing ratio (total liabilities/shareholders' equity) of the Group as at 30 September 2017 was up to 94.8% (31 March 2017: 77.6%), which was attributable to the decrease in shareholders' equity by HK\$62,960,000 or 24.0% to HK\$198,984,000 (31 March 2017: HK\$261,944,000), as a result of the distribution of final dividends of HK\$27,191,000 for last financial year and the drop in carrying value of PLB licences by HK\$43,560,000 as explained above.

Pledge of assets

The Group has pledged certain assets to secure the banking facilities granted. Details of the pledged assets are as follows:

	As at 30 September 2017 HK\$'000	As at 31 March 2017 HK\$'000
PLB licences	182,040	224,400
Property, plant and equipment	5,505	4,987

Credit risk management

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

Foreign currency risk management

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

Interest rate risk management

The Group's interest rate risk arises primarily from its bank balances and borrowings. All borrowings as at 30 September 2017 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates the currency risk and the management is of the view that the Group is not subject to significant interest rate risk. Finance costs accounted for around 0.8% (2016: 0.9%) of the total costs of the Group for the reporting period. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

Fuel Price Risk

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

Capital expenditure and commitment

During the reporting period, the Group's total capital expenditure of HK\$2,030,000 (2016: HK\$32,710,000) was mainly for acquiring two new PLBs for replacement purpose. As at 30 September 2017, the Group's capital commitment contracted and not provided for was HK\$3,250,000 (31 March 2017: HK\$3,307,000).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2017 and 31 March 2017.

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. Expenses relating to employee benefits incurred for the reporting period were HK\$98,236,000 (2016: HK\$90,750,000), representing 52.5% (2016: 51.5%) of the total costs (excluding the deficit on revaluation of PLB licences). Apart from the basic remuneration, double pay and/or discretionary bonus were also granted to eligible employees with reference to the Group's performance and individual contribution. Other benefits including share option scheme, retirement plans and training schemes were also provided to the staff members.

The headcounts of the Group were as follows:

	As at 30 September 2017	As at 31 March 2017
Directors	8	8
Administrative staff	104	105
Captains	1,152	1,124
Technicians	44	47
Total	1,308	1,284

PROSPECT

The new law for increasing the maximum passenger seating capacity of minibuses from 16 to 19 came into effect on 7 July 2017. Up to the date of this report, the Group has deployed 26 19-seated minibuses, approximately 7.2% of the PLB fleet. The 19-seated minibuses are welcomed by the passengers because they effectively reduce passengers' waiting time, especially in the fast and short-haul MTR feeder routes. The management would do its best endeavor to speed up the replacement and modification schedule in the near future. In recent years, the demand of minibus feeder service grew alongside with the railway development and the Group have launched feeder routes or restructured existing routes to meet the passenger needs. Looking ahead, the Group would continue to rationalise the feeder routes to optimise the resources of the Group and join hands with the MTR to offer interchange fare concession to the passengers. Also, the management would closely monitor the future railway development in Hong Kong and formulate long-term strategies to diversify its business portfolio.

Owing to the high operating costs, the management anticipates the business environment of the minibus industry remains challenging in the near future. Apart from the hiking fuel prices, the unresolved industry-wide problem of labour shortage would continue to drive the labour costs up. In order to maintain the quality of service, the Group has to adjust the level of remunerations of the captains and frontlines staff when necessary. To tackle the challenges of the inflating costs, the Group will optimise operating costs internally by adjusting the fleet size and rationalising the routes and the service schedules after due evaluation of the passenger demand. Also, the management would closely monitor the market conditions and negotiate with the fuel suppliers for further concession. Despite all these, the Group will continue to submit fare rise applications to the Transport Department. The management hopes the pace of fare rise approval could be speeded up in the second half of this financial year.

DIRECTORS' INTERESTS IN SHARES

Directors' interests and short positions in shares, underlying shares and debentures in/of the Company and its associated companies

As at 30 September 2017, the interests and short positions of the Directors in the shares, underlying shares and debentures in/of the Company and its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) which have been recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

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

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held in respect of the share options (Note d)	Total	Approximate percentage of shareholding
Mr. Wong Ling Sun, Vincent (Notes a & b)	Beneficiary of a discretionary trust	Other	117,677,000	-	117,677,000	43.27%
	Beneficial owner	Personal	25,362,500	-	25,362,500	9.33%
	Spouse of Ms. Loo Natasha Christie	Family	352,000	-	352,000	0.12%
	Father of Mr. Wong Tin Yan, Chace	Family	2,000,000	-	2,000,000	0.74%
	Father of Mr. Wong Tin Yue, Noah	Family	2,000,000	-	2,000,000	0.74%
Ms. Ng Sui Chun (Note a)	Beneficiary of a discretionary trust	Other	117,677,000	-	117,677,000	43.27%
	Beneficial owner	Personal	12,980,300	-	12,980,300	4.77%
	Spouse of Mr. Wong Man Kit	Family	23,256,000	-	23,256,000	8.56%
Mr. Chan Man Chun	Beneficial owner	Personal	3,539,500	-	3,539,500	1.30%
	Spouse of Ms. Chan Lai Ling	Family	220,000	-	220,000	0.08%
Ms. Wong Wai Sum, May (Note a)	Beneficiary of a discretionary trust	Other	117,677,000	-	117,677,000	43.27%
	Beneficial owner	Personal	3,357,000	-	3,357,000	1.24%
Ms. Wong Wai Man, Vivian (Note a & c)	Beneficiary of a discretionary trust	Other	117,677,000	-	117,677,000	43.27%
	Beneficial owner	Personal	1,000,000	-	1,000,000	0.37%
	Mother of Miss Au Tze Yu	Family	2,200,000	-	2,200,000	0.81%
	Mother of Mr. Au Chun Hay, Davis	Family	1,000,000	-	1,000,000	0.37%
Dr. Lee Peng Fei, Allen	Beneficial owner	Personal	330,000	558,000	888,000	0.32%
Dr. Chan Yuen Tak Fai, Dorothy	Beneficial owner	Personal	588,000	300,000	888,000	0.32%
Mr. Kwong Ki Chi	Beneficial owner	Personal	588,000	300,000	888,000	0.32%

Notes:

- (a) As at 30 September 2017, a total of 117,677,000 ordinary shares in the Company were held by Skyblue Group Limited ("Skyblue"), which is a wholly owned subsidiary of Metro Success Investments Limited ("Metro Success"). Metro Success is a wholly owned subsidiary of JETSUN UT Company (PTC) Limited ("JETSUN"), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited ("HSBCITL") as trustee of The JetSun Trust and the remaining one unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Man Kit is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, May and Ms. Wong Wai Man, Vivian.
- (b) As at 30 September 2017, Mr. Wong Ling Sun, Vincent held 2,000,000 and 2,000,000 ordinary shares in the Company as trustee for the benefit of his sons Mr. Wong Tin Yan, Chace (a minor) and Mr. Wong Tin Yue, Noah (a minor) respectively.
- (c) As at 30 September 2017, Ms. Wong Wai Man, Vivian held 2,200,000 and 1,000,000 ordinary shares in the Company as trustee for the benefit of her children Miss Au Tze Yu (a minor) and Mr. Au Chun Hay Davis (a minor) respectively.
- (d) The share options granted by the Company are physically settled equity derivatives. Please refer to the section "Share Options" of this interim report for the details of the share options granted to the Directors.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, as at 30 September 2017, 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 as recorded in the register to be kept under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

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

The 2004 Scheme

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

The 2013 Scheme

The terms of the 2013 Scheme are substantially similar to the 2004 Scheme. Please refer to the annual report 2016/17 for the details of the 2013 Scheme.

Details of the outstanding share options of the Company as at 30 September 2017 are as follows:

Name of grantees	Date of grant (note (a)) (d/m/y)	Number of share options granted	Period during which rights are exercisable (d/m/y)	Exercise price per share option (HK\$)	Outstanding as at 1 April 2017	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Outstanding as at 30 September 2017
Directors:									
Dr. Lee Peng Fei, Allen	20/10/2011	300,000	20/10/2011-19/10/2021	1.60	300,000	-	-	-	300,000
	23/9/2015	258,000	23/9/2015-22/9/2025	1.25	258,000	-	-	-	258,000
					558,000	-	-	-	558,000

Dr. Chan Yuen Tak Fai, Dorothy	20/10/2011	300,000	20/10/2011-19/10/2021	1.60	300,000	-	-	-	300,000
	23/9/2015	258,000	23/9/2015-22/9/2025	1.25	258,000	-	258,000	-	-
					558,000	-	258,000	-	300,000

Mr. Kwong Ki Chi	20/10/2011	300,000	20/10/2011-19/10/2021	1.60	300,000	-	-	-	300,000
	23/9/2015	258,000	23/9/2015-22/9/2025	1.25	258,000	-	258,000	-	-
					558,000	-	258,000	-	300,000

Total Directors					1,674,000	-	516,000	-	1,158,000

Continue Contract Employees:									
In aggregate	20/10/2011	4,050,000	20/10/2011-19/10/2021	1.60	4,050,000	-	-	50,000	4,000,000
	23/9/2015	3,096,000	23/9/2015-22/9/2025	1.25	3,011,000	-	629,000	43,000	2,339,000
					7,061,000	-	629,000	93,000	6,339,000

Total all categories					8,735,000	-	1,145,000	93,000	7,497,000

Notes:

- The share options granted on 20 October 2011 were granted under the 2004 Scheme while those granted on 23 September 2015 were granted under the 2013 Scheme.
- Mr. Wong Man Chiu, the engineering manager of the Group and the brother of Mr. Wong Man Kit, the former honorary chairman and Executive Director of the Company, was previously categorised as "Associate of Directors". Since Mr. Wong Man Kit was no longer an Executive Director of the Company as at 30 September 2017, Mr. Wong Man Chiu is categorised as "Continue Contract Employees" in the current period disclosure.
- The closing prices of each share immediately before the date of grant of 20 October 2011 and 23 September 2015 were HK\$1.60 and HK\$1.25 respectively.

- (d) All outstanding share options were vested immediately on the date of grant.
- (e) The details of share options exercised during the period are as follow:

Date of exercise	Number of share options exercised	Weighted average closing price of each share of the Company immediately before the dates on which the share options were exercised
30 June 2017	329,000	HK\$1.65
30 August 2017	516,000	HK\$1.56
1 September 2017	300,000	HK\$1.63
Total:	1,145,000	

- (f) For the accounting policy adopted for the share options, please refer to the note 2.17 of the financial statements of the Company's latest annual report.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2017, the following persons (other than the Directors) had interests or short positions of 5% or more in the shares and underlying shares in 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 ordinary shares/ underlying ordinary shares held	Approximate percentage of shareholding
Mr. Wong Man Kit	(Note a)	153,913,300	56.60%
HSBCITL	(Note b)	133,077,000	48.94%
JETSUN	(Note b)	117,677,000	43.27%
Metro Success	(Note b)	117,677,000	43.27%
Skyblue	(Note b)	117,677,000	43.27%
HSBC Trustee (Cook Islands) Limited ("HTCIL")	(Note c)	14,850,000	5.46%
The Seven International Holdings (L) Limited ("SIHL")	(Note c)	14,850,000	5.46%
The Seven Capital Limited ("SCL")	(Note c)	14,850,000	5.46%

Notes:

- (a) As at 30 September 2017, Mr. Wong Man Kit was deemed to be interested in 117,677,000 ordinary shares held by Skyblue under Part XV of the SFO as he is the settlor of The JetSun Trust. In addition, he was directly interested in 23,256,000 ordinary shares and had family interest of 12,980,300 ordinary shares held by his spouse, Ms. Ng Sui Chun, as at 30 September 2017. Therefore, as at 30 September 2017, the total number of ordinary shares in which Mr. Wong Man Kit was interested was 153,913,300 ordinary shares, representing 56.60% of the issued shares in the Company.
- (b) As at 30 September 2017, a total of 117,677,000 ordinary 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 one 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 and Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, May and Ms. Wong Wai Man, Vivian are the beneficiaries of The Jetsun Trust.
- (c) As at 30 September 2017, a total of 14,850,000 ordinary shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HSBCITL.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director and the chief executive of the Company) having an interest or a short position in the shares and/or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO As at 30 September 2017.

CORPORATE GOVERNANCE

The Company has complied with the provisions of the code as set out in Appendix 14 “Corporate Governance Code and Corporate Governance Report” (the “Code”) of the Listing Rules for the six months ended 30 September 2017.

The Company has adopted a code 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 (the “Model Code”) throughout the six months ended 30 September 2017. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors during the period under review.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 30 November 2017 to review the unaudited condensed consolidated interim financial statements and interim results announcement of the Group, and to provide advice and recommendations to the Board.

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

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

BOARD OF DIRECTORS

Mr. Wong Man Kit resigned as an Executive Director and Ms. Wong Wai Man, Vivian has been appointed as a Non-Executive Director with effect from 29 August 2017.

As at the date of this interim report, the Executive Directors are Mr. Wong Ling Sun, Vincent (Chairman), Ms. Ng Sui Chun, Mr. Chan Man Chun (Chief Executive Officer) and Ms. Wong Wai Sum, May, the Non-Executive Director is Ms. Wong Wai Man, Vivian and the Independent Non-Executive Directors are Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 30 November 2017