Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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 2018, together with the unaudited comparative figures for the corresponding period in 2017. The unaudited condensed consolidated interim financial information has 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 2018

		For the six months ended 30 September	
		2018	2017
		Unaudited	Unaudited
	Notes	**HK$'000**	HK$'000
Revenue	4	**194,482**	189,814
Direct costs		**(162,914)**	(163,418)
Gross profit		**31,568**	26,396
Other revenue	5	**3,469**	3,784
Other income	5	**163**	24
Administrative expenses		**(19,520)**	(20,107)
Other operating expenses		**(540)**	(955)
Operating profit		**15,140**	9,142
Deficit on revaluation of PLB licences	11	**(38,993)**	(29,250)
Finance costs		**(1,723)**	(1,552)
Loss before income tax	7	**(25,576)**	(21,660)
Income tax expense	8	**(2,067)**	(1,230)
Loss for the period		**(27,643)**	(22,890)
Loss per share attributable to equity holders of the Company			
- Basic (in HK cents)	10	**(10.17)**	(8.44)
- Diluted (in HK cents)	10	**(10.17)**	(8.44)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Note	For the six months ended 30 September 2018 Unaudited HK$'000	2017 Unaudited HK$'000
Loss for the period		**(27,643)**	(22,890)
Other comprehensive expense			
Item that will not be reclassified subsequently to condensed consolidated income statement			
- Deficit on revaluation of PLB licences	11	**(3,907)**	(14,310)
Total comprehensive expense for the period		**(31,550)**	(37,200)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2018

	Notes	30 September 2018 Unaudited HK$'000	31 March 2018 Audited HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**25,479**	25,432
PLB licences	11	**231,000**	273,900
Public bus licences		**15,184**	9,284
Interest in a joint venture		**-**	-
Goodwill		**22,918**	22,918
Deferred tax assets		**1,094**	1,186
		295,675	332,720
Current assets			
Trade and other receivables	12	**9,939**	9,428
Amount due from a joint venture		**1,500**	1,500
Tax recoverable		**-**	190
Bank balances and cash		**28,137**	38,230
		39,576	49,348
Current liabilities			
Borrowings		**9,902**	9,849
Trade and other payables	13	**33,277**	31,906
Tax payable		**1,936**	157
		45,115	41,912
Net current (liabilities) / assets		**(5,539)**	7,436
Total assets less current liabilities		**290,136**	340,156
Non-current liabilities			
Borrowings		**144,664**	149,595
Deferred tax liabilities		**1,237**	1,180
		145,901	150,775
Net assets		**144,235**	189,381
EQUITY			
Share capital		**27,191**	27,191
Reserves		**117,044**	162,190
Total equity		**144,235**	189,381

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.

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.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial information has 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").

This unaudited condensed consolidated interim financial information does 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 2018.

This unaudited condensed consolidated interim financial information has been prepared on the historical cost basis except for PLB licences which are stated at fair values. The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the Group's annual financial statements for the year ended 31 March 2018, 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 2018 as disclosed in note 3 to this unaudited condensed consolidated interim financial information. 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 and 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 and amended HKFRSs will have no material impact on the results and financial position of the Group.

3. Adoption of new and amended HKFRSs and changes in accounting policies

In the current interim period, the Group has applied, for the first time, the following new and amended HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's unaudited condensed consolidated interim financial information:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

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

4. Revenue

	For the six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	HK$'000
Services income	**194,482**	189,814

5. Other revenue and other income

	For the six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	HK$'000
Other revenue		
Advertising income	**1,989**	1,989
Administration fee income	**1,240**	1,247
Interest income	**137**	117
Management fee income	**98**	114
Repair and maintenance service income	**5**	7
Government subsidies (note)	**-**	310
	3,469	3,784
Other income		
Insurance compensation received	**104**	-
Gain on disposal of property, plant and equipment	**22**	14
Sundry income	**37**	10
	163	24
	3,632	3,808

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

6. Segment information

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

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

No individual customers contributed over 10% of the Group's revenue for the six months ended 30 September 2018 and 2017.

7. Loss before income tax

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

	For the six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	HK$'000
Fuel cost in direct costs	**28,305**	24,393
Employee benefits expense (including directors' emoluments)	**97,097**	98,236
Operating lease rental in respect of		
- PLBs	**35,025**	38,279
- land and buildings	**32**	31
Depreciation of property, plant and equipment	**1,473**	1,231
Gain on disposal of property, plant and equipment (note 5)	**(22)**	(14)

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the period, except that a subsidiary was entitled to a profits tax rate cut to 8.25% (2017: nil) for the first HK$2,000,000 assessable profit under the two-tiered profits tax rates regime of Hong Kong.

	For the six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	HK$'000
Current tax	**1,918**	1,060
Deferred tax	**149**	170
Total income tax expense	**2,067**	1,230

9. Dividends

(a) Dividends attributable to the period

No interim dividend was declared by the Company for the six months ended 30 September 2018 and 2017.

9. Dividends (Continued)

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

	For the six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	HK$'000
Special dividend of HK5.0 cents (2017: Nil) per ordinary share	**13,596**	-
Final dividend of HK10.0 cents per ordinary share for the year ended 31 March 2017	**-**	27,191
	13,596	27,191

At the Board of Directors' meeting held on 29 June 2018, the Board has resolved to declare a special dividend of HK5.0 cents per ordinary share, totalling HK$13,596,000. The final dividend attributable to the year ended 31 March 2017 and paid during the year ended 31 March 2018 was HK$27,191,000 of which HK$114,000 was paid for shares issued for share options exercised after the date of declaration. No final dividend for the year ended 31 March 2018 was declared.

10. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$27,643,000 (2017: HK$22,890,000) and on the weighted average number of 271,913,000 (2017: 271,069,000) ordinary shares in issue during the period.

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the six months ended 30 September 2018 and 2017. The potential shares arising from the conversion of the Company's share options would decrease the loss per share attributable to equity holders of the Company and is not taken into account as they had anti-dilutive effects.

11. PLB licences

	2018	2017
	HK$'000	HK$'000
As at 1 April (Audited)	**273,900**	336,600
Deficit on revaluation charged to condensed consolidated income statement	**(38,993)**	(29,250)
Deficit on revaluation dealt with in revaluation reserve	**(3,907)**	(14,310)
As at 30 September (Unaudited)	**231,000**	293,040

The fair value of a PLB licence dropped to HK$3,500,000 as at 30 September 2018 (31 March 2018: HK$4,150,000). 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 2018.

11. PLB licences (Continued)

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. The levels are based on the observability of significant inputs to the measurements as follows:

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

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

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Recurring fair value measurement of PLB licences:				
As at 30 September 2018 (Unaudited)	**-**	**231,000**	**-**	**231,000**
As at 31 March 2018 (Audited)	-	273,900	-	273,900

During the six months ended 30 September 2018 and 2017, 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.

12. Trade and other receivables

	30 September 2018 Unaudited HK$'000	31 March 2018 Audited HK$'000
Trade receivables – gross	**4,031**	3,039
Less: provision for impairment	**-**	-
Trade receivables – net	**4,031**	3,039
Deposits	**1,105**	617
Prepayments	**2,851**	3,512
Other receivables	**1,952**	2,260
	9,939	9,428

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 (31 March 2018: 0 to 30 days) to other trade debtors.

12. Trade and other receivables (Continued)

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

	30 September 2018 Unaudited HK$'000	31 March 2018 Audited HK$'000
0 to 30 days	**3,517**	2,962
31 to 60 days	**224**	76
61 to 90 days	**145**	1
Over 90 days	**145**	-
	4,031	3,039

13. Trade and other payables

	30 September 2018 Unaudited HK$'000	31 March 2018 Audited HK$'000
Trade payables	**5,369**	4,968
Other payables and accruals	**27,908**	26,938
	33,277	31,906

The Group is granted by its suppliers credit periods ranging from 0 to 30 days (31 March 2018: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	30 September 2018 Unaudited HK$'000	31 March 2018 Audited HK$'000
0 to 30 days	**5,369**	4,968

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDEND

Owing to the increase in non-cash deficit on revaluation of PLB licences to HK$38,993,000 (2017: HK$29,250,000), the Group recorded a loss for the six months ended 30 September 2018 of HK$27,643,000 (2017: HK$22,890,000), representing an increase of loss by 20.8% or HK$4,753,000. Nevertheless, the profit excluding the non-cash deficit on revaluation of PLB licences increased by HK$4,990,000 or 78.5% to HK$11,350,000 (2017: HK$6,360,000) compared with same period last year, primarily attributable to fare increase, use of 19-seat PLBs and decrease in PLB rental expenses.

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2018 (2017: Nil).

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

— During the period, in order to boost the fleet's efficiency during peak hours and meet the public's expectation, the Group continued to make its best efforts to deploy 19-seat PLBs by replacing aged 16-seat PLBs or retrofitting 16-seat PLBs as soon as practicable. As at 30 September 2018, the Group deployed 102 19-seat PLBs (31 March 2018: 55; 30 September 2017: 12), representing around 28.3% of the Group's PLB fleet. Although there was a slight reduction in PLB fleet size during the period, the increased use of 19-seat PLBs in fact enhanced the average seating capacity of the PLB fleet for the period by approximately 3.4%.

— The 19-seat minibuses effectively reduce passengers' waiting time, therefore, they are first deployed in the fast and short-haul MTR feeder routes. Riding on fast and frequent service and increased seating capacity, the MTR South Island Line feeder routes in Aberdeen gained increasing popularity and drove the patronage for the period up by 1.3% to approximately 30,017,000 (2017: 29,634,000) compared with last period.

— During the period, the Group carried out a route restructuring plan involving a PLB route (2017: six), which was for fine tuning the services in Southern District. Also, in order to optimise the operational efficiency, the Group reduced the PLB fleet size by three during the period and hence the fleet size was 360 as at 30 September 2018 (31 March 2018 and 30 September 2017: 363 PLBs) while the number of PLB routes remained unchanged at 69 (31 March 2018 and 30 September 2017: 69 routes). The Group had been successful in tendering a residents' bus route during the period, therefore, the number of residents' bus routes operating by the Group increased to five (31 March 2018 and 30 September 2017: four) with eight public buses (31 March 2018 and 30 September 2017: six) as at 30 September 2018. The total mileage travelled for the period slightly decreased by 1.1% to approximately 20,622,000 kilometers (2017: 20,842,000 kilometers), which was mainly attributable to the minor adjustment in service frequency in two routes operating in Southern District.

— For the sake of the comfort of the passengers and operational efficiency, the Group replaced 13 aged PLBs with brand new long-wheeled PLBs during the period (2017: 21 PLBs). The average fleet age remained at 9.1 years as at 30 September 2018 (31 March 2018: 9.1 years). The Group aims to further deploy 103 brand new 19-seat PLBs to replace aged PLBs by end of 2019. Apart from deploying brand new 19-seat PLBs, the Group plans to further retrofit around 9 16-seat PLBs into 19-seat PLBs in the second half of this financial year. The management would use its best endeavors to speed up the replacement and modification schedule in the near future.

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

	For the six months ended 30 September 2018	2017	Increase/ (Decrease)	
	HK$'000	HK$'000	HK$'000	In %
Revenue	**194,482**	189,814	4,668	2.5%
Other revenue and other income	**3,632**	3,808	(176)	-4.6%
Direct costs	**(162,914)**	(163,418)	(504)	-0.3%
Administrative and other operating expenses	**(20,060)**	(21,062)	(1,002)	-4.8%
Finance costs	**(1,723)**	(1,552)	171	11.0%
Income tax expense	**(2,067)**	(1,230)	837	68.0%
Profit for the period before deficit on revaluation of PLB licences	**11,350**	6,360	4,990	78.5%
Deficit on revaluation of PLB licences	**(38,993)**	(29,250)	9,743	33.3%
Loss for the period	**(27,643)**	(22,890)	4,753	20.8%

— To ease the pressure from the climbing fuel costs and staff costs, the Group continued to submit fare increase application for certain PLB routes during the period. During the period, fare rise in 24 routes had been approved and implemented at rates ranging from 2.4% to 14.3% (2017: 6, ranging from 8.7% to 9.8%). Coupling the effect of growth in patronage by 1.3%, the revenue for the period increased by HK$4,668,000 or 2.5% to HK$194,482,000 (2017: HK$189,814,000), compared with same period last year.

— The direct costs for the period decreased by HK$504,000 or 0.3% to HK$162,914,000 (2017: HK$163,418,000) 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 94.2% (2017: 94.4%) of the total direct costs for the period. The changes on these major direct costs are as follows:

- Fuel costs: With the continuous increase in international fuel prices, the average diesel and LPG unit prices were up by around 24.6% and 14.7% respectively compared with last period. This is the main reason for the increase in fuel costs for the period by HK$3,912,000 or 16.0% to HK$28,305,000 (2017: HK$24,393,000);

- Labour costs: The labour costs of captains for the period decreased by HK$577,000 or 0.8% to HK$75,379,000 (2017: HK$75,956,000), in line with the slight reduction in fleet size of the Group;

- PLB rental expenses: The PLB rental expense decreased by HK$3,254,000 or 8.5% to HK$35,025,000 (2017: HK$38,279,000) compared with last period, which was mainly due to the reduction of PLB hiring rates from 3.8% to 10.3%, with effect from 1 October 2017 upon the renewal of the minibus leasing arrangement with the connected parties; and

- R&M costs: To promote the comfort of passengers, the Group upgraded the fleet by replacing aged vehicles and thus maintained the average fleet age at 9.1 years as at 30 September 2018 (2017: 9.2 years). The better mechanical reliability of the new vehicles and the retirement of aged PLBs effectively reduced the R&M costs for the period by HK$909,000 or 5.8% to HK$14,752,000 (2017: HK$15,661,000).

— As reported in the management discussion and analysis section of the Group’s annual report for the year ended 31 March 2018, the market price of PLB licences further dropped subsequent to the last balance sheet date. The fair value of a PLB licence was down by HK$650,000 or 15.7% to HK$3,500,000 as at 30 September 2018 (31 March 2018: HK$4,150,000). Therefore, the total carrying amount of the PLB licences of the Group as at 30 September 2018 was HK$231,000,000, representing a decrease of HK$42,900,000 or 15.7% compared with the balance as at 31 March 2018 (31 March 2018: HK$273,900,000), of which HK$38,993,000 (2017: HK$29,250,000) was charged to the consolidated income statement and the remaining HK$3,907,000 (2017: HK$14,310,000) was charged to PLB licences revaluation reserve. Please also refer to the note 11 of the unaudited condensed consolidated interim financial information 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 decreased by HK$1,002,000 or 4.8% to HK$20,060,000 (2017: HK$21,062,000), which was mainly attributable to reduction in staff costs as a result of streamlining frontline manpower, and also the absence of legal and profession fees of around HK$300,000 incurred in last period for a continuing connected transaction.

— The finance costs of the Group for the reporting period was HK$1,723,000, representing an increase of HK$171,000 or 11.0% compared with last period (2017: HK$1,552,000). Although the average bank borrowing balance during the period was 2.5% lower than that of last period, the climbing market interest rates caused the average interest rate of the Group up by approximately 28 basis points (i.e. 0.28%) compared with that of last period. As a result, the finance costs for the period increased accordingly.

— During the reporting period, income tax expense increased to HK$2,067,000 (2017: HK$1,230,000), in line with the increase in operating profit for the period. Excluding the non-deductible effect of deficit on revaluation of PLB licences of HK$38,993,000, the effective tax rate for the period was 15.4% (2017: 16.2%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2017: 16.5%), except that a subsidiary was entitled to a profits tax rate cut to 8.25% for the first HK$2,000,000 assessable profit under the two-tiered profits tax rates regime of the Hong Kong government.

Cash flow

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Net cash from operating activities (note)	**17,365**	12,043
Net cash used in investing activities:		
Purchase of public bus licences	**(5,900)**	-
Capital expenditure excluding the acquisition of public bus licences	**(1,520)**	(2,030)
Interest received	**137**	117
Proceeds from disposal of property, plant and equipment	**22**	14
Government subsidies received	**-**	310
	(7,261)	(1,589)
Net cash used in financing activities		
Dividends paid to shareholders	**(13,596)**	(27,191)
Repayment of borrowings	**(4,878)**	(17,427)
Capital received from exercise of share options	**-**	1,431
Interest paid	**(1,723)**	(1,552)
	(20,197)	(44,739)
Net decrease in cash and cash equivalents	**(10,093)**	(34,285)

Note: The net cash from operating activities increased by HK$5,322,000 or 44.2% to HK$17,365,000, generally in line with the increase in the operating profit of the Group 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 2018, the Group had net current liabilities of HK$5,539,000 (31 March 2018: net current assets of HK$7,436,000), and the current ratio (current assets/current liabilities) was 0.88 times (31 March 2018: 1.18 times). The drop in current ratio was mainly due to the reduction in bank balances and cash by HK$10,093,000 or 26.4% to HK$28,137,000 as at 30 September 2018 (31 March 2018: HK$38,230,000). Please refer to the "Cash Flow" section above for the details of the net cash outflow for the period.

As at 30 September 2018, the Group had bank balances and cash amounting to HK$28,137,000 (31 March 2018: HK$38,230,000). All of the bank balances and cash as at 30 September 2018 and 31 March 2018 were denominated in Hong Kong dollars.

As at 30 September 2018, the Group had banking facilities totalling HK$163,866,000 (31 March 2018: HK$168,744,000) of which HK$154,566,000 (31 March 2018: HK$159,444,000) was utilised.

Borrowings

The balance of the total borrowings of the Group decreased by HK$4,878,000 or 3.1% to HK$154,566,000 as at 30 September 2018 (31 March 2018: HK$159,444,000). There was no new borrowing incepted during the period. The reduction in the balance of total borrowings was solely due to scheduled repayment.

The maturity profiles of the borrowings are as follows:

	As at 30 September 2018 HK$'000	As at 31 March 2018 HK$'000
Within one year	**9,902**	9,849
In the second year	**28,718**	29,735
In the third to fifth years	**28,470**	28,493
After the fifth year	**87,476**	91,367
	154,566	159,444

Although the Group recorded a profit for the period before deficit on revaluation of PLB licences of HK$11,350,000, the shareholders' equity still decreased by HK$45,146,000 or 23.8% to HK$144,235,000 (31 March 2018: HK$189,381,000) owing to the distribution of special dividends of HK$13,596,000 for last financial year and the drop in carrying value of PLB licences by HK$42,900,000. Therefore, the gearing ratio (total liabilities/shareholders' equity) of the Group as at 30 September 2018 was up to 132.4% (31 March 2018: 101.7%).

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 2018 HK$'000	As at 31 March 2018 HK$'000
PLB licences	**143,500**	170,150
Property, plant and equipment	**5,064**	5,285

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 2018 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates the currency risk and the management is of the view that the Group is not subject to significant interest rate risk. Finance costs accounted for around 0.9% (2017: 0.8%) 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$7,420,000 (2017: HK$2,030,000) was mainly for acquiring two public bus licences amounting to HK$5,900,000 and two public buses amounting to HK$1,010,000. These newly acquired public bus licences and buses were for operating the new residents' bus route. As at 30 September 2018, the Group's capital commitment contracted and not provided for was HK$13,736,000, which was mainly the balance payments for the new PLBs ordered but not yet delivered (31 March 2018: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2018 and 31 March 2018.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Expenses relating to employee benefits incurred for the reporting period were HK$97,097,000 (2017: HK$98,236,000), representing 52.0% (2017: 52.5%) 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 2018	As at 31 March 2018
Directors	**8**	8
Administrative staff	**103**	103
Captains	**1,134**	1,119
Technicians	**44**	45
Total	**1,289**	1,275

Events after the balance sheet date

Subsequent to the balance sheet date and up to 29 November 2018, based on the valuation estimated by the directors, the average market price of PLB licence further dropped to approximately HK$3,130,000 per licence as compared with its fair value of HK$3,500,000, as valuated by Vigers, as at 30 September 2018. Therefore, the unaudited deficit on revaluation of PLB licences charged to the consolidated income statement and the PLB licences revaluation reserve for the period from 1 October 2018 to 29 November 2018 were approximately HK$24,050,000 and HK$370,000 respectively.

PROSPECT

Looking ahead, the business environment of the minibus industry is still very challenging. It is anticipated that the Group would continue to face heavy pressure from the high fuel prices and inflating staff costs. As always, the Group will improve operational efficiency by carrying out route restructures, and reviewing the fleet size and deploying more 19-seat PLBs. The reduced operating costs for the period showing that the management's cost optimisation measures were already effective. Apart from making sustained efforts in cost saving internally, the Group will also closely monitor the market conditions and negotiate with fuel suppliers for further concession. Despite all these, the Group will also continue to submit fare rise applications to the Transport Department as appropriate. Apart from the Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities, which is commonly known as $2 fare scheme, the Government will roll out a Public Transport Fare Subsidy Scheme (the "Scheme"), which aims at relieving the fare burden of commuters who travel on local public transport services for daily commuting, on 1 January 2019. The Group will join the Scheme in order to let our passengers enjoy lower traveling costs through this Scheme.

The Group is committed to upgrading its service quality to attract more passengers. The management is now exploring the launch of estimated time of arrival system in certain franchised PLB routes, as well as the introduction of new means of payment. The Group has determined to join hands with Alipay Payment Services (HK) Limited ("AlipayHK") to offer one more electronic payment option to the passengers. The Group targets to execute all these plans in the second half of this financial year. If the initial run of the estimated time of arrival system and AlipayHK payment system is successful, the Group will consider applying the same to all its franchised PLB routes.

As reported above, the market price of PLB licences has been further depreciating after the period end. It is possible that the accounting revaluation deficit of PLB licences will continue to have adverse impact on the results of the current financial year. Nevertheless, the management reiterates that the accounting revaluation of PLB licences should be considered separately as the fluctuation in market value of the PLB licences has no significant impact on the core business and cash flows of the Group.

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 2018, except a deviation from the code provision E.1.2 that Mr. Wong Ling Sun, Vincent, the Chairman of the Board, was unable to attend the annual general meeting held on 30 August 2018 due to indisposition and the said meeting was chaired by the Chief Executive Officer of the Group.

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 2018. 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 29 November 2018 to review the unaudited condensed consolidated interim financial information 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 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF DETAILED INTERIM RESULTS

All the financial and other related information of the Company for the six months ended 30 September 2018 which is required to be disclosed under the Listing Rules will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.amspt.com in due course.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 29 November 2018

Members of the Board as at the date of this announcement are as follows:

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

Non-Executive Director
Ms. Wong Wai Man, Vivian

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