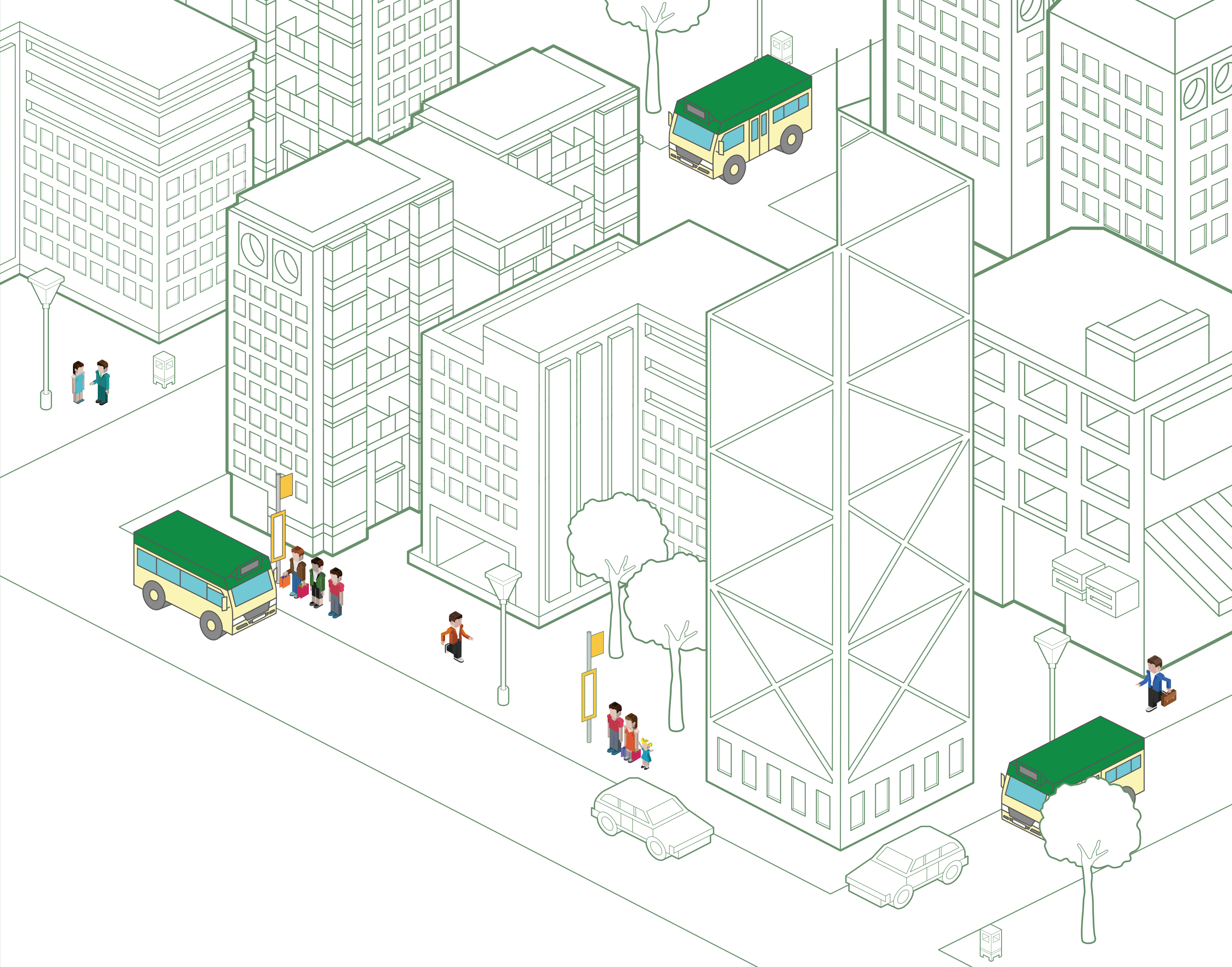


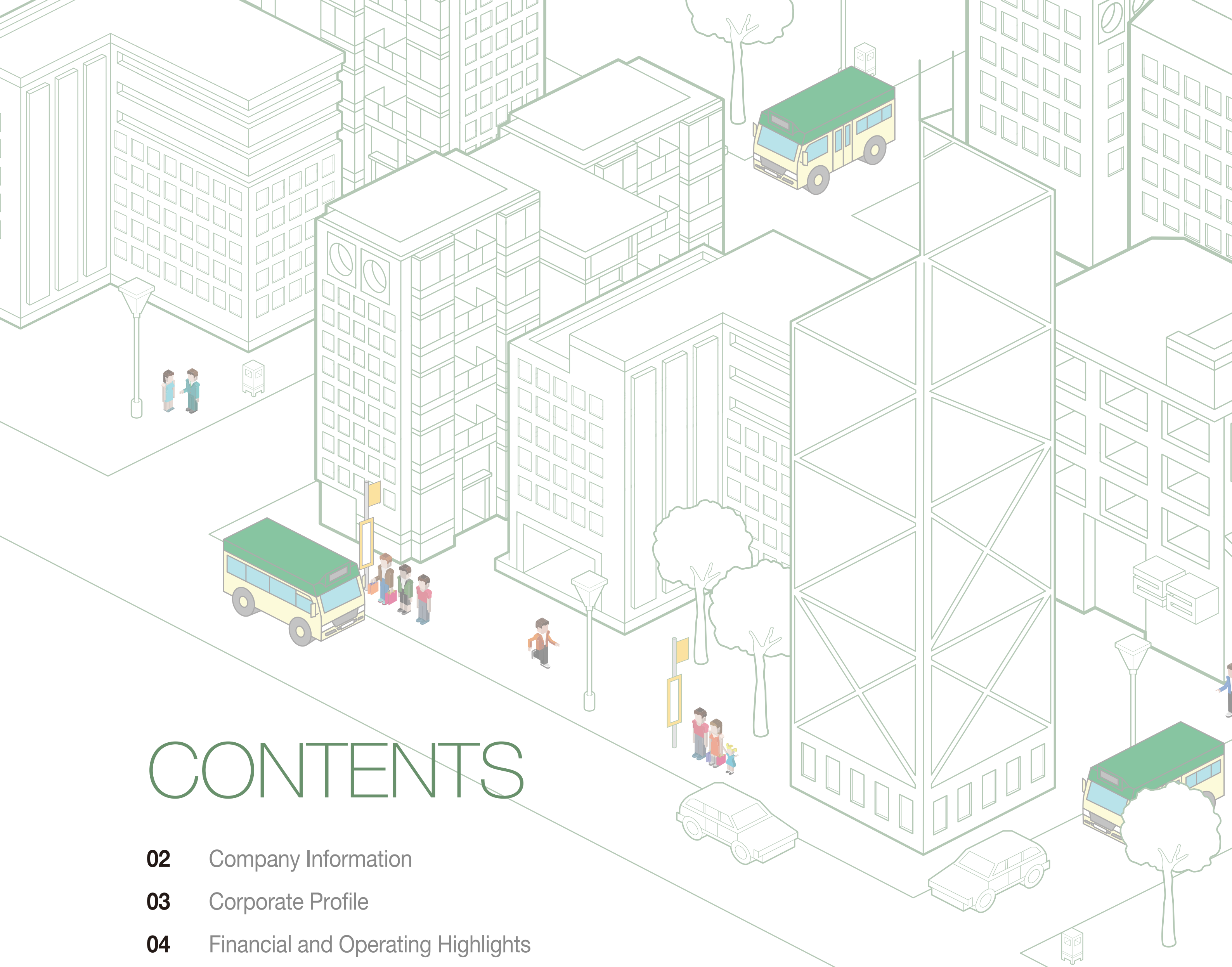
AMS PUBLIC TRANSPORT HOLDINGS LIMITED
進智公共交通控股有限公司

Incorporated in the Cayman Islands with limited liability

(Stock Code: 77)

2020/21

ANNUAL REPORT



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COMPANY INFORMATION

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

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

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

Audit Committee
Mr. Kwong Ki Chi *Chairman*
Dr. Chan Yuen Tak Fai, Dorothy
Mr. James Mathew Fong

Nomination Committee
Dr. Chan Yuen Tak Fai, Dorothy *Chairman*
Mr. Kwong Ki Chi
Mr. James Mathew Fong

Remuneration Committee
Mr. James Mathew Fong *Chairman*
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi

Company Secretary
Ms. Wong Ka Yan

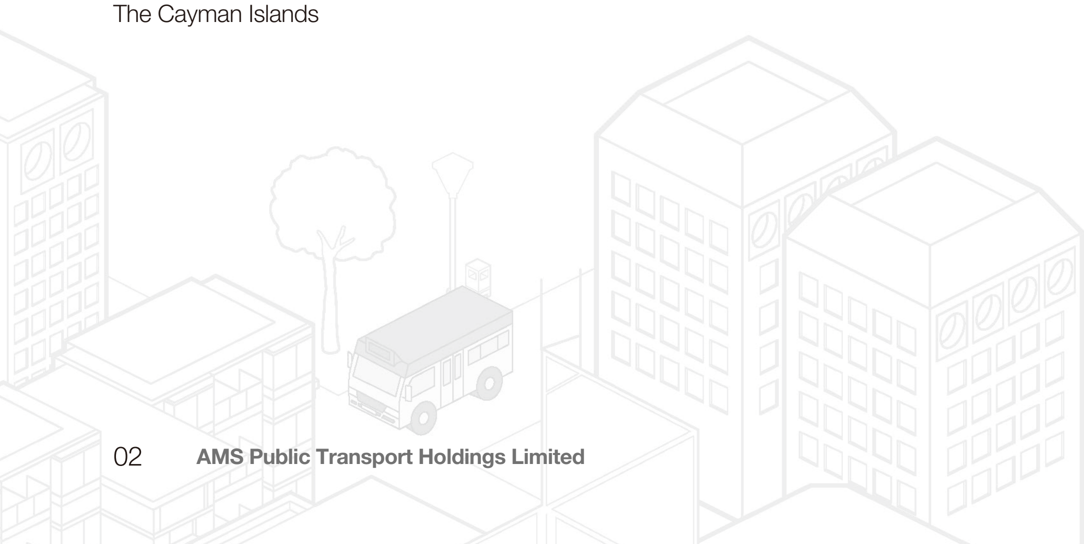
Registered Office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
The Cayman Islands

Head office and principal place of business in Hong Kong
11th – 12th Floor, Abba Commercial Building,
223 Aberdeen Main Road, Aberdeen,
Hong Kong

Hong Kong share registrar and transfer office
Union Registrars Limited
Suites 3301–04, 33/F,
Two Chinachem Exchange Square,
338 King's Road,
North Point, Hong Kong

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

Auditors
Grant Thornton Hong Kong Limited
Certified Public Accountants



CORPORATE PROFILE

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

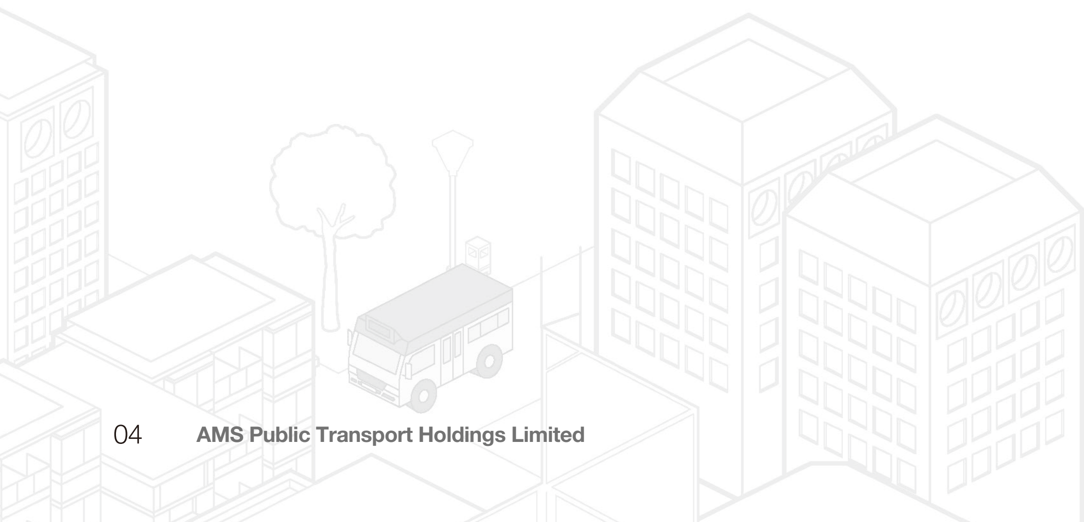
With over 46 years of experience in the local franchised PLB transportation sector, the Group is one of the leading franchised PLB operators in Hong Kong. Over the years, riding on its expertise, the Group continuously improves its routes and services and grows alongside with Hong Kong's transportation network development. Currently, the Group operates 71 franchised PLB routes with 354 PLBs and five residents' bus routes with eight public buses. To enhance sitting comfort for passengers, the Group's fleet is well-equipped with environmentally friendly PLBs and state-of-the-art facilities. In January 2018, the Group launched the first lower-floor wheelchair accessible PLB in Hong Kong in order to facilitate the access of wheelchair users to PLB service. Since January 2019, the Group joins hands with Alipay HK to offer Hong Kong's first-ever mobile payment method for minibus. Passengers can pay minibus fares by their mobile phones.

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

FINANCIAL AND OPERATING HIGHLIGHTS

Financial Highlights	Unit	Year ended 31 March 2021	2020	Change
Financial results				
Revenue	HK$'000	**303,366**	365,077	-16.9%
Profit for the year excluding deficit on revaluation of PLB licences and provision for impairment of public bus licences	HK$'000	**47,345**	11,147	+324.7%
Deficit on revaluation of PLB licences charged to consolidated income statement	HK$'000	**20,790**	47,120	-55.9%
Profit/(Loss) attributable to equity holders of the Company	HK$'000	**21,821**	(36,373)	N/A
Earnings/(Loss) per share	HK cents	**8.03**	(13.38)	N/A
Proposed final dividend per ordinary share[1]	HK cents	**7.0**	–	N/A
Proposed special dividend per ordinary share	HK cents	**–**	3.0	-100%
Profit margin (profit/(loss) attributable to equity holders/revenue)		**7.2%**	-10.0%	
Return on equity (profit/(loss) attributable to equity holders/shareholders' equity)		**26.2%**	-52.3%	

		As at 31 March 2021	2020	Change
Financial position				
Bank borrowings	HK$'000	**146,106**	158,708	-7.9%
Shareholders' equity	HK$'000	**83,258**	69,594	+19.6%
Current ratio (current assets/current liabilities)	Times	**0.59**	0.39	
Gearing ratio (total bank borrowings less bank balances and cash/shareholders' equity)		**118.3%**	197.5%	



Operating Highlights	Unit	Year ended 31 March 2021	2020	Change
Number of PLBs in service as at year end		**354**	354	–
Number of public buses in service as at year end		**8**	8	–
Number of franchised PLB routes as at year end		**70**	71	-1.4%
Number of residents' bus routes as at year end		**5**	5	–
Number of passengers carried	million	**45.8**	55.3	-17.2%
Number of journeys traveled	million	**3.56**	4.12	-13.6%
– percentage of the journeys traveled surpassing the total number of scheduled journeys required by the Transport Department		**6.7%**	20.1%	-13.4pp[3]
Total mileage operated	million kilometers	**33.4**	38.4	-13.0%
Average fleet age as at year end	years	**7.0**	6.1	+14.8%
Average accident rate[2]	per million km	**2.7**	3.1	-13.0%

Notes:

1. No interim dividend was declared for the years ended 31 March 2021 and 2020.
2. The figures refer to accidents involving injury or death.
3. pp stands for percentage point.

Wong Ling Sun, Vincent
Chairman

On behalf of the Board of Directors of the Company (the "Board"), I am pleased to present to you the results of the Group for the year ended 31 March 2021.

RESULTS FOR THE YEAR

The Group recorded significant drop in patronage and revenue since the outbreak of the coronavirus disease (COVID-19). Nevertheless, with the Group's effective cost control measures and the subsidies received from the Hong Kong Government's Anti-epidemic Fund, the adverse impact on the operating results for the year was offset. Taking into account the non-cash deficit on revaluation of PLB licences and provision for impairment of public bus licences for the year amounting to around HK$25,524,000 (2020: HK$47,520,000), the Group recorded a profit of HK$21,821,000 for the year ended 31 March 2021 (2020: loss of HK$36,373,000).

DIVIDENDS

Basic earnings per share for the year was HK8.03 cents (2020: basic loss per share of HK13.38 cents). Having carefully considered the factors listed in the Company's dividend policy, which include but not limited to the financial performance and the future cashflows of the Group under the current business environment, the Board recommended a final dividend of HK7.0 cents per ordinary share (2020: Nil), totaling HK$19,034,000 for the year ended 31 March 2021 (2020: Nil). No special dividend was declared by the Board for the year ended 31 March 2021. The special dividend declared for the year ended 31 March 2020 was HK3.0 cents per ordinary share, totaling HK$8,157,000.

FINANCIAL AND BUSINESS REVIEW

Since January 2020, the spread of COVID-19 around the world has brought a severe impact to the human well-being. In order to combat the COVID-19, for most of the time during the past one and a half year, the general Hong Kong citizens have strictly followed the anti-epidemic measures launched by the Hong Kong Government, like school suspension, work-from-home arrangements adopted by the public and private sectors and limitation of social gatherings etc. The pandemic and the anti-epidemic measures have led to a rapid reduction in economic activities. The local public transportation industry has been inevitably affected by the plunge in passenger flow. According to the transport figures published by the Transport Department, during the year ended 31 March 2021, there was a 19.4% drop in patronage of the green minibus sector. Other public transport service operators including MTR and franchised buses also recorded an around 21.2% drop in the total number of passengers.

In view of the significant decline in passenger demand caused by the outbreak of COVID-19, the patronage of the Group's franchised PLB services for the year fell by approximately 17.2% to approximately 45.8 million (2020: approximately 55.3 million). In response to the significant drop in passenger demand, the Group implemented cost control measures and adjusted its service frequencies to the greatest extent possible to enhance the efficient use of resources. Apart from the effective cost saving measures, the Group also received subsidies amounting to HK$58,309,000 (2020: Nil) from the Hong Kong Government's Anti-epidemic Fund. As a result, the Group recorded a profit before deficit on revaluation of PLB licences and provision for impairment of public bus licences for the year of HK$47,345,000 (2020: HK$11,147,000).

As a responsible public transport operator, the safety of our passengers and employees is always our main concern. In order to contain the spread of COVID-19 pandemic and to safeguard the health and safety of our employees and passengers, the Group has adopted a series of anti-epidemic measures, which include frequent cleaning and disinfection of the compartment facilities with bleach or antiseptic solution and applying antimicrobial coatings in compartments and on the air-conditioning filters of the entire fleet so as to provide a clean environment to the passengers and employees. The frontline employees of the Group, mainly the captains, have conducted the COVID-19 testing as arranged by the Transport Department and the Group has set up internal guideline to request employees to carry out the COVID-19 testing again in due course.

In spite of the huge difficulties brought by the COVID-19, the Group continued to put effort in proposing route re-organisations plans to the Transport Department in order to enhance service quality. During the year, the Group completed route re-organisations involving five franchised PLB routes. The focus of the restructuring was mainly on allocating the PLBs between routes to maximise their operational efficiency. As a result, the number of PLB routes operated by the Group reduced to 70 (2020: 71) and the number of PLBs operated by the Group remained at 354 as at 31 March 2021 (2020: 354). The number of routes and fleet size of residents' bus remained at 5 (2020: 5) and 8 (2020: 8) respectively. Our management expertise keeps listening to our passengers and local communities in order to understand their needs and try their best to accommodate passenger demand when designing the route restructuring plans.

The Group is committed to providing convenient and comfortable journeys to our passengers. Upgrading our fleet is one of the ways to improve passengers' experience. However, owing to the shrinkage in passenger demand, the Group has postponed its PLB replacement schedule. During the year under review, the Group replaced two aged PLBs (2020: 77 aged PLBs) with brand-new 19-seat PLBs. As at 31 March 2021, the Group deployed 224 19-seat PLBs (2020: 222), representing around 63% of the Group's PLB fleet (2020: 63%). Since the passenger demand has become relatively stable after the end of the fourth wave of COVID-19 pandemic, the Group has recently resumed its PLB replacement schedule and aims at further replacing around 31 aged PLBs with new 19-seat PLBs by the end of 2022.

The Group continued to record a decrease in deficit on revaluation of PLB licences amounting to HK$20,790,000 (2020: HK$47,120,000) for the year. Although the market price of PLB licences became relatively stable as compared with the past few years, the future market trend of PLB licences remains uncertain under the current economic environment. Nevertheless, we hope the shareholders and investors understand that instead of holding for investment purpose, all the PLB licences owned by the Group are for operational use. Hence, the volatility of the market value of PLB licences and the non-cash revaluation deficit have no significant impact on the Group's core operation. The Group will continue to do its utmost to improve its services and cost structure, so as to maximise the returns for its shareholders.

PROSPECTS

The fourth wave of the COVID-19 pandemic has come to its end. We can see the patronage of the Group has been gradually recovering in the past two months following the easing of the pandemic. Whether the patronage can return to the pre-pandemic level would depend on the maintenance of zero or low number of confirmed COVID-19 cases in Hong Kong and the pace of relaxation of Government's anti-epidemic measures.

During the year under review, the Group had temporarily relieved from the fuel price pressure due to the plunge in international fuel prices and the receipt of fuel subsidy from the Government. However, we are aware that the fuel prices have recently climbed up to the pre-pandemic high level. Meanwhile, the Government's fuel subsidy scheme will soon end in June 2021. Apart from the pandemic condition of Hong Kong, we anticipate that the hiking fuel prices will also be the main unfavourable factor affecting the Group's profitability in the near future.

Despite the uncertainties faced by the Group, the management would continue to closely monitor the situation of the COVID-19 epidemic and respond quickly by adjusting the service frequencies, as well as maintaining our preventive measures to minimise the risk of COVID-19 outbreak.

The Group always supports the Transport Department's campaigns in advancing the green minibus service quality in Hong Kong. Apart from participating in the technical study on seat occupancy and seat belt fastening detection for green minibuses launched by the Transport Department, the Group was the first operator joining the trial of the real-time arrival information system for green minibus rolled out by the Transport Department. The system facilitates trip planning by enabling passengers to access the estimated time of arrival information of green minibuses through the Transport Department's mobile application "HKeMobility". The management considers the new facilities could provide convenience to both operators and passengers and will continue to support any new initiatives which would improve the safety and service standard of the industry.

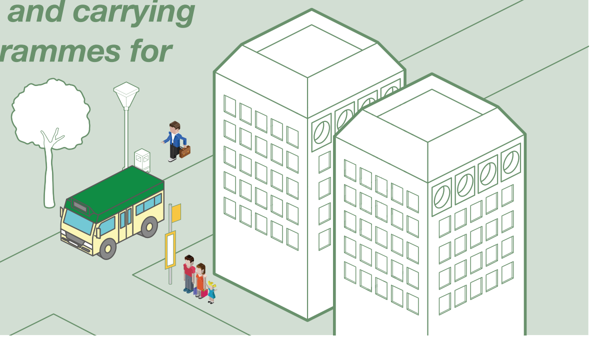
Even though the approval process of fare increase applications has become sluggish under the COVID-19 pandemic, the management would continue to seek for supports from the local communities and the Government in order to maintain the service quality of our franchised PLB passenger service to meet the needs of the general public. As always, the Group will continue to explore and capture opportunities for development and strategic cooperation in the market so as to generate sustainable value for our shareholders.

APPRECIATION

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

Wong Ling Sun, Vincent
Chairman
Hong Kong, 29 June 2021

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



REVIEW OF OPERATION

- During the year, the Group completed certain route re-organisations involving five franchised PLB routes. The focus of the route re-organisations of the year was to allocate the PLBs between routes in order to optimise the fleet size. An ancillary route with low passenger demand was cut for better utilisation of resources. After the re-organisations, the number of PLB routes operated by the Group reduced to 70 (2020: 71) and the number of PLBs operated by the Group remained at 354 as at 31 March 2021 (2020: 354). The number of routes and fleet size of residents' bus remained at 5 (2020: 5) and 8 (2020: 8) respectively.

- Owing to the shrinkage in passenger demand under the COVID-19 pandemic, the Group has postponed its PLB replacement schedule. During the year, the Group replaced two aged PLBs (2020: 77 aged PLBs) with brand-new 19-seat PLBs. The average fleet age was slightly increased to 7.0 years as at 31 March 2021 (2020: 6.1 years). As at 31 March 2021, the Group deployed 224 19-seat PLBs (2020: 222), representing around 63% of the Group's PLB fleet (2020: 63%). Since the pandemic situation in Hong Kong is becoming stable, the Group has resumed the PLB replacement schedule in June 2021 and aims to replace around 31 aged PLBs with 19-seat PLBs by the end of 2022.

- As a result of a rapid decline in passenger demand caused by the outbreak of COVID-19 and the corresponding anti-epidemic measures launched by the Government, the patronage of the Group's franchised PLB services for the year fell by around 17.2% to approximately 45.8 million as compared with last year (2020: 55.3 million). In response to the significant drop in passenger demand, the Group had adjusted its service frequencies to the greatest extent possible to enhance the efficient use of resources. Hence, the total mileage travelled for the year decreased by around 13.0% to approximately 33.4 million kilometers (2020: 38.4 million kilometers).

- Owing to the significant drop in patronage, the revenue for the year decreased accordingly by HK$61,711,000 or around 16.9% to HK$303,366,000 (2020: HK$365,077,000), as compared with last year. The Group had submitted certain fare increase applications before the COVID-19 outbreak. However, the review and approval process of the applications slowed down during the COVID-19 pandemic. Therefore, the effect of fare increase on revenue for the year was negligible as only seven loss-making routes were allowed to increase the fares by ranging from around 4.8% to 6.7% (2020: 14 routes, ranging from 2.9% to 9.7%).

- During the year, the Group participated in the technical study on seat occupancy and seat belt fastening detection for green minibuses launched by the Transport Department and considered the new facilities could enhance the convenience and safety of the operators and the passengers. Furthermore, the Group was the first operator joining the trial of the real-time arrival information system for green minibus rolled out by the Transport Department. The system facilitates trip planning by enabling passengers to access the estimated time of arrival ("ETA") information of green minibuses through the Transport Department's mobile application "HKeMobility". The Group can also obtain certain operational data from the management platform. The Group considers the system is beneficial to the operators and the passengers. Currently, the ETA information is available for certain route package (with route numbers 39, 40, 56, 69, 403 and 20) and the Group is looking forward to extending the use of the system to the other routes of the Group.

FINANCIAL REVIEW

Consolidated results for the year

For the year ended 31 March 2021, the Group recorded a profit attributable to equity holders of HK$21,821,000 (2020: loss of HK$36,373,000). Excluding the non-cash deficit on revaluation of PLB licences and provision for impairment of public bus licences, the profit of the Group for the year increased by HK$36,198,000 to HK$47,345,000 (2020: HK$11,147,000) owing to the cost control measures taken by the Group and the subsidies received from the Hong Kong Government's Anti-epidemic Fund.

The details of the consolidated results are presented below:

	Year ended 31 March			
	2021 HK$'000	2020 HK$'000	Increase/ (Decrease) HK$'000	In %
Revenue	**303,366**	365,077	(61,711)	-16.9%
Other revenue and other net income	**65,611**	10,792	54,819	+508.0%
Direct costs	**(278,411)**	(317,123)	(38,712)	-12.2%
Administrative expenses	**(38,972)**	(40,035)	(1,063)	-2.7%
Other operating expenses	**(1,333)**	(1,165)	168	+14.4%
Finance costs	**(5,681)**	(5,288)	393	+7.4%
Share of result of a joint venture	**262**	601	(339)	-56.4%
Income tax credit/(expense)	**2,503**	(1,712)	(4,215)	N/A
Profit for the year before deficit on revaluation of PLB licences and provision for impairment of public bus licences	**47,345**	11,147	36,198	+324.7%
Deficit on revaluation of PLB licences	**(20,790)**	(47,120)	(26,330)	-55.9%
Provision for impairment of public bus licences	**(4,734)**	(400)	4,334	+1,083.5%
Profit/(Loss) for the year	**21,821**	(36,373)	58,194	N/A

- Owing to the significant drop in patronage by approximately 17.2% under the COVID-19 epidemic, the revenue for the year decreased accordingly by HK$61,711,000 or 16.9% to HK$303,366,000 (2020: HK$365,077,000), as compared with last year.

- Other revenue and other income for the year increased by HK$54,819,000 or around 508.0% to HK$65,611,000 (2020: HK$10,792,000) as compared with last year because the Group received subsidies amounting to HK$58,309,000 from the Anti-epidemic Fund of the Hong Kong Government (including the Government's Employment Support Scheme). The Group received a subsidy of HK$3,432,000 for the disposal of pre-Euro IV PLBs under the Ex-gratia Payment Scheme from the Government during the last year. During the year, the Group did not receive any subsidy from the Ex-gratia Payment Scheme due to the postponement of the PLB replacement schedule.

- Direct costs for the year were HK$278,411,000 (2020: HK$317,123,000), representing a decrease of HK$38,712,000 or around 12.2% as compared with that for last year. The major direct costs of the Group were labour costs, depreciation of right-of-use assets in respect of leased PLBs, fuel costs and repair and maintenance ("R&M") costs, which altogether made up over 90% of the total direct costs. The changes on these major costs are as follows:

  – Fuel costs: As a result of the drop in international fuel prices and reduction in consumption (i.e. decrease in mileage travelled by around 13.0% as compared with last year), fuel costs for the year reduced accordingly by HK$9,701,000 or around 19.1% to HK$40,983,000 (2020: HK$50,684,000);

  – Depreciation of right-of-use asset in respect of the leased PLBs for the year reduced by HK$2,493,000 or around 3.7% to HK$65,067,000 (2020: HK$67,560,000), which was mainly attributable to the lower rental rate paid for the leased PLBs upon the renewal of the Minibus Leasing Agreement (the "MLA") with the connected parties with effect from 1 October 2020;

  – R&M costs: Better costs control and lower minibus utilisation during the year effectively reduced the R&M costs of the Group. The R&M costs for the year was HK$21,572,000, representing a decrease of HK$5,547,000 or approximately 20.5% as compared with last year (2020: HK$27,119,000); and

  – Labour costs: The labour costs decreased by HK$21,201,000 or approximately 13.9% to HK$130,978,000 (2020: HK$152,179,000) as compared with last year, which was mainly attributable to the decrease in captains' working hours caused by the reduced service frequency during the year.

- Administrative expenses for the year were HK$38,972,000 (2020: HK$40,035,000), of which HK$31,228,000 (2020: HK$31,838,000) was staff costs. There was no material change in administrative expenses for the year as compared with last year.

- The breakdown of finance costs for the year is as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Interest expenses on bank borrowings (note i)	**3,003**	3,584
Finance charges on lease liabilities (note ii)	**2,678**	1,704
Total finance costs	**5,681**	5,288

Notes:

(i) The interest expenses on bank borrowings for the year decreased by HK$581,000 or around 16.2% to HK$3,003,000 (2020: HK$3,584,000), which was mainly due to the drop in average interest rate of the Group by approximately 44 basis points (i.e. 0.44%) as compared with that of last year. The drop in average interest rate for the year was in line with the trend of the borrowing rate in the market; and

(ii) The finance charges on lease liabilities for the year increased by HK$974,000 or around 57.2% to HK$2,678,000 (2020: HK$1,704,000), which was attributable to the increase in lease liabilities recognised under the new MLA entered into between the Group and the connected parties. The MLA renewed the PLB leasing arrangement for further three years with effect from 1 October 2020.

- During the year, the income tax credit was HK$2,503,000 (2020: income tax expense of HK$1,712,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences and provision for impairment of public bus licences, 2) the non-taxable effect on the subsidies received from the Hong Kong Government's Anti-epidemic Fund, 3) the over provision of profits tax for the last financial year and 4) the effect of two-tiered profits tax rates, the effective tax rate for the year was 16.3% (2020: 16.2%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2020: 16.5%), except that a subsidiary was entitled to a profits tax rate cut to 8.25% for the first HK$2,000,000 assessable profit under the two-tiered profits tax rates regime introduced by the Hong Kong Government.

- As compared with last year, the fair value of PLB licence further dropped by HK$315,000 or approximately 13.8% to HK$1,965,000 per licence as at 31 March 2021 (2020: HK$2,280,000). As a result, the total carrying value of PLB licences of the Group decreased accordingly to HK$129,690,000, representing a decrease of HK$20,790,000 or approximately 13.8% (2020: HK$150,480,000). The whole amount of the deficit on revaluation of PLB licences totaling HK$20,790,000 was charged to the Group's consolidated income statement (2020: HK$47,120,000 and the remaining HK$400,000 was dealt with in the revaluation reserve). Please also refer to note 18 to the consolidated financial statements for more information on the carrying amount of PLB licences.

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

- Owing to the difficult business environment of the public bus industry under the COVID-19 pandemic, the recoverable amount of the public bus licences of the Group decreased accordingly. As such, the Group recorded a provision for impairment of public bus licences of HK$4,734,000 (2020: HK$400,000). Please also refer to note 19 to the consolidated financial statements for more information on the carrying amount of public bus licences.

Cash flow	Year ended 31 March 2021 HK$'000	 2020 HK$'000
Net cash from operating activities (Note i)	**115,409**	84,815
Net cash from/(used in) investing activities (Note ii):		
Purchase of property, plant and equipment	**(600)**	(16,157)
Receipt of Government subsidies for the disposal of pre-Euro IV diesel vehicles	**–**	4,248
Dividend income from a joint venture	**1,600**	–
Repayment of amount due from a joint venture	**1,000**	500
Proceeds from disposal of a subsidiary and a joint venture	**10**	–
Others	**82**	426
	2,092	(10,983)
Net cash used in financing activities:		
Proceeds from new bank borrowings	**–**	38,950
Capital element of lease rentals paid	**(64,722)**	(67,398)
Repayment of bank borrowings	**(12,602)**	(29,909)
Dividends paid	**(8,157)**	(21,753)
Interest paid on bank borrowings	**(3,003)**	(3,584)
Interest element of lease rental paid	**(2,678)**	(1,704)
	(91,162)	(85,398)
Net increase/(decrease) in cash and cash equivalents, represented by bank balances and cash	**26,339**	(11,566)

Notes:

(i) The increase in the net cash from operating activities was generally in line with the increase in the operating profit for the year.

(ii) The decrease in the net cash used in investing activities was mainly attributable to the postponement of the Group's PLB replacement schedule during the year.

(iii) Please also refer to the Consolidated Statement of Cash Flows for the details.

Capital structure, liquidity and financial resources

Liquidity and financial resources

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

The total amount of the current liabilities of the Group increased to HK$104,416,000 (2020: HK$84,032,000) as at 31 March 2021, which was attributable to the increase in lease liabilities recognised under the new MLA entered into between the Group and the connected parties. Nevertheless, the increase in the bank balances and cash outweighed the increase in current liabilities. As a result, as at 31 March 2021, the net current liabilities of the Group decreased by HK$8,480,000 or around 16.7% to HK$42,431,000 (2020: HK$50,911,000), while the current ratio (current assets/ current liabilities) improved to 0.59 times (2020: 0.39 times).

As at 31 March 2021, the Group had bank balances and cash amounting to HK$47,602,000 (2020: HK$21,263,000). All of the bank balances and cash as at 31 March 2021 and 31 March 2020 were denominated in Hong Kong dollars. Please refer to the "Cash Flow" section above for the change of the bank balances and cash for the year.

As at 31 March 2021, the Group had banking facilities totalling HK$213,406,000 (2020: HK$206,008,000) of which HK$146,106,000 (2020: HK$158,708,000) was utilised.

Bank borrowings

As at 31 March 2021, the balance of total bank borrowings of the Group decreased by HK$12,602,000 or around 7.9% to HK$146,106,000 (2020: HK$158,708,000). No new bank borrowing was incepted during the year. The reduction in the total bank borrowings was due to the scheduled repayments.

The maturity profiles of the bank borrowings are as follows:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Within one year	**10,462**	15,258
In the second year	**10,897**	10,425
In the third to fifth years	**46,969**	30,350
After the fifth year	**77,778**	102,675
	146,106	158,708

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 31 March 2021 was around 118.3% (2020: 197.5%). The decrease in gearing ratio was mainly attributable to the decrease in bank borrowings less bank balances and cash, and also the increase in shareholders' equity. As at 31 March 2021, the shareholders' equity increased by HK$13,664,000 or around 19.6% to HK$83,258,000 (2020: HK$69,594,000), as compared with last year. Please also refer to the Consolidated Statement of Changes in Equity for the details.

Dividend and dividend policy

Having carefully considered the factors listed below in the Company's dividend policy, the Board recommended a final dividend of HK7.0 cents per ordinary share (2020: Nil), totaling HK$19,034,000 for the year ended 31 March 2021 (2020: Nil). No special dividend was declared by the Board for the year ended 31 March 2021. The special dividend declared for the year ended 31 March 2020 was HK3.0 cents per ordinary share, totaling HK$8,157,000.

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

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

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

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

(iv) the liquidity of the Group;

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

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

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

Pledge of assets

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

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
PLB licences	**86,460**	100,320
Property, plant and equipment	**19,896**	22,228

Capital expenditure and commitment

Due to the outbreak of COVID-19, the Group postponed the schedule of upgrading the PLB fleet during the year. As a result, the total capital expenditure for the year substantially reduced to HK$600,000 (2020: HK$16,157,000) compared with last year.

The capital commitment of the Group of HK$14,137,000 as at 31 March 2021 (2020: HK$14,098,000) was mainly for purchasing 23 new PLBs for replacement use.

Credit risk management

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

Foreign currency risk management

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

Interest rate risk management

The Group's interest rate risk arises primarily from its bank balances, bank borrowings and lease liabilities. All bank borrowings as at 31 March 2021 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 1.8% (2020: 1.4%) of the total costs of the Group (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences) for the reporting year. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

Fuel price risk

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could be significant to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the Board concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the years ended 31 March 2021 and 31 March 2020. The management will continue to closely monitor the changes in market conditions.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 March 2021 and 31 March 2020.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Apart from the basic remuneration, double pay and/or discretionary bonus are granted to eligible employees taking into account the Group's performance and individual's contributions. Other benefits including share option scheme, retirement plan and training schemes are also provided to the staff members. Employee benefit expenses incurred for the year were HK$176,210,000 (2020: HK$198,716,000), representing approximately 54.3% (2020: 54.4%) of the total costs (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences). For the headcount of the Group, please refer to the Environmental, Social and Governance Report of this annual report.

REPORTING STANDARD AND SCOPE

The Group presents this Environmental, Social and Governance Report for the year ended 31 March 2021 ("Report") in accordance with Appendix 27 – Environmental, Social and Governance ("ESG") Reporting Guide ("ESG Reporting Guide") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). This Report covers the Group's principal business of provision of franchised PLB transportation services in Hong Kong. There are no significant changes in the reporting scope of this Report compared with that of last year.

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

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

ENVIRONMENTAL PROTECTION

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

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

Air and greenhouse gas emissions

- *Use of fuel and engine:* Fuel is the major natural source that the daily operations of the Group heavily relied on. The Group pro-actively seeks ways to minimise the use of fuel and hence the greenhouse gas emission. For the quality of the fuel consumed, the Group relies on fuel filling stations in Hong Kong to supply fuel, mainly diesel and LPG, to the fleet. The diesel available in the fuel-filling stations is Euro V diesel. LPG is a clean fuel in terms of lesser emissions of greenhouse gas (i.e. carbon dioxides) and air pollutants, namely respirable suspended particulates (RSP), sulphur dioxide (SO_2) and nitrogen oxides (NO_x). In order to try its best endeavor to improve the roadside air quality of the city, the Group keeps monitoring the average fleet age and plans for aged minibuses replacement schedule annually. However, due to the rapid decrease in economic activities and passenger demand during the COVID-19 pandemic, the Group had postponed its minibuses replacement schedule. As a result, the Group deployed two new LPG minibuses only during the year (2020: 46 new LPG minibuses and 31 new Euro 5 or above engine diesel minibuses) to replace the aged diesel minibuses. As at 31 March 2021, the Group's fleet was made up of 281 LPG minibuses (2020: 281) and 73 diesel minibuses (2020: 73), representing around 79% and 21% of the fleet respectively. By deploying more environmentally friendly vehicles and reduction in fleet utilisation during the pandemic, the average annual GHG emission slightly reduced to 53.8 tonnes per vehicle (2020: 59.8). As soon as the fourth wave of the COVID-19 pandemic has come to its end, the Group has resumed its replacement schedule in June 2021. The Group plans to further replace around 31 old PLBs mainly by new LPG minibuses by the end of 2022. Therefore, the management expects that the average GHG emission per vehicle would be further reduced in next year.

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

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

Hazardous and non-hazardous wastes

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

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

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

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

ENVIRONMENTAL INDICATORS	unit	Year ended 31 March 2021	 2020
GHG Emissions (CO_2 equivalent)			
Direct sources			
Fleet	tonnes	**19,229**	21,537
Indirect sources			
Electricity	tonnes	**223**	222
Water	tonnes	**2**	1
Paper	tonnes	**9**	9
Total GHG emissions		**19,463**	21,769
Average fleet size (PLB and public bus)	vehicles	**362.0**	363.9
Average GHG emissions per vehicle	tonnes	**53.8**	59.8

ENVIRONMENTAL INDICATORS	unit	Year ended 31 March 2021	2020
Resources			
Total consumption			
Diesel	Litre ('000)	**1,337**	2,085
LPG	Litre ('000)	**9,326**	9,529
Petrol	Litre ('000)	**31**	35
Electricity	MWh	**324**	317
Water	m^3	**3,778**	3,419
Paper	kg	**1,951**	1,748
Average consumption per vehicle			
Diesel (note 3)	Litre ('000)	**16.5**	20.4
LPG (note 4)	Litre ('000)	**33.2**	36.4
Petrol	Litre	**85**	96
Electricity	KWh	**894**	871
Water	m^3	**10**	9
Paper	kg	**5**	5
Major hazardous waste produced			
Spent Lube oil in total	Litre	**36,403**	36,941
Average per vehicle	Litre	**101**	102
Waste Battery in total	piece	**402**	343
Average per vehicle	piece	**1.11**	0.94
Major non-hazardous waste produced			
Tyre in total	piece	**2,804**	3,390
Average per vehicle	piece	**8**	9

Notes:

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

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

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

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

OPERATING PRACTICES

Safety awareness

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

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

- The Group organised courses and seminars on road safety throughout the year, which helped to raise safety and risk awareness and improve work practices of our staff. Some of these courses and seminars were co-organised by the Group and the Traffic Division of the Hong Kong Police Force;

- To enforce safety guidelines and cultivate a professional and responsible driving attitude among captains, the Group has adopted stringent code of conduct and captains' guidelines, conducted spot checks and arranged inspection personnel disguised as passengers to make timely reports for any misbehaviour of the captains;

- To check the validity of the captains' driving licences half-yearly. Also, the Group tries to make sure the captains are physically fit for driving by requesting all captains to return their health condition declarations annually. Also, captains with sick leave or traffic accidents records are scrutinised so that the front-line management personnel can pay special attention to the latest health condition of the relevant captains and make appropriate arrangements as early as possible under appropriate circumstances, so as to minimise the chance of occurrence of traffic accidents caused by driver health problems;

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

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

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

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

The average accident rate was 2.7 per million km for the year ended 31 March 2021 (2020: 3.1 per million km). Apart from enhancing the new captains' safety awareness by strengthening their orientation training, the management also sought to lower the accident rate by strengthening the R&M programmes and participating in the technical study on seat belt fastening detection for green minibuses launched by the Transport Department.

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

Combating the coronavirus

In response to the development of the COVID-19 pandemic, the Group has adopted a series of anti-epidemic measures to protect the safety of our employees and passengers.

The compartments, especially the handles and seats, are cleaned and disinfected with bleach or antiseptic solution in every two hours. Public health messages which remind passengers to put on face masks and pay attention to personal hygiene on board, are displayed and promoted inside the compartments. Nano-photocatalyst sterilising coatings are also applied in compartments of the entire fleet so as to provide clean environment to the passengers and employees. The management has also provided disinfectants and face masks to our employees and adjust the daily operating practices, e.g. work-from-home arrangement and video-conferencing, to prevent the outbreak of the COVID-19 within the Group. The Group has issued internal guidelines requesting employees to follow the health advice about travelling and staying at home as urged by the Department of Health. All staff members and visitors are required to measure their body temperature before entering our working premises. The Group will continue to maintain its anti-epidemic measures so as to safeguard the health and safety of the passengers and our employees.

Supply chain management

The Group engages suppliers mainly for the leasing of PLBs and the procurement of fuel, vehicles parts and repairing services. The number of suppliers of the Group for the year ended 31 March 2021 was 49 (2020: 59 (re-stated)). All suppliers engaged by the Group are located in Hong Kong.

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

Anti-corruption

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

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

Data and Privacy Protection

For safety and security purposes, some of the PLBs are equipped with CCTV cameras. Notices to passengers are posted inside the PLB compartments to inform the passengers that the CCTV system is in function. Only authorised staff members are allowed to access and view the CCTV recordings. Unless investigation is in progress, the recordings are erased automatically after 15 days. The Group did not receive any complaints concerning privacy issues during the year ended 31 March 2021.

EMPLOYMENT PRACTICES

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

As at 31 March 2021, the Group had 1,196 employees in total (2020: 1,286). The Group recruits employees from the local labour market and adheres to the principle of open and fair competition. The recruitment criteria are based on individual merits, education background, skill and past experience of the candidates and their suitability to the job position. The Group has adopted a board diversity policy since 2013 and is committed to eliminating discrimination in employment against race, gender, age, religion, marital and family status. Employment of illegal workers, child labour and forced labour are strictly prohibited. Candidates are required to provide identity proof to ensure their age and their eligibility of working in Hong Kong.

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

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

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

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

WORKFORCE INDICATORS	Year ended 31 March 2021	2020
Number of Employees as at year end		
Directors	**8**	8
Administrative staff	**89**	104
Captains	**1,055**	1,126
Technicians	**44**	48
Total	**1,196**	1,286
By Gender (%)		
Male	**95.2**	94.9
Female	**4.8**	5.1
By Age Group (%)		
Under 30	**0.9**	1.0
30 to 39	**5.2**	7.1
40 to 49	**15.1**	14.6
50 to 59	**24.2**	25.0
Over 60	**54.6**	52.3
Staff Turnover Rate (%)	**20.0**	22.7
Staff fatality	**–**	–
Number of Staff Training Hours	**1,174**	1,002

SERVING THE COMMUNITY

The Group places great value on corporate citizenship and social responsibility. Over the years, the Group has sponsored various activities organised by different district groups and charities. In addition to financial assistance, the Group and its staff members have participated in various community services. The activities that the Group sponsored or participated through its employees and volunteer team included Southern District's Road Safety Campaign, Southern District Football Club and Walks for Millions organized by the Community Chest etc.. During the year, the Group continued to be nominated by Aberdeen Kai-fong Welfare Association Social Service Centre and was awarded as a "Caring Company" by The Hong Kong Council of Social Service in recognition of its contributions to community involvement programmes.

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

During the year, the Group contributed donation and sponsorship amounting to HK$298,000 (2020: HK$589,000) to various organisations to support their operations and activities. There was a decrease in the total amount of contribution because some regular events and activities were cancelled due to COVID-19 epidemic. Nevertheless, the Group encouraged our employees to maintain their physical and mental health by participating the virtual walk for millions organised by the Community Chest.

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

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

During the year, the Company has met all the code provisions of the Code. Also, the Board has met some of the recommended best practices set out in the Code, they are: 1) the Board conducts evaluation of its performance annually; 2) a whistle-blowing mechanism has been set up for employees to report possible improprieties in financial reporting, internal control or other matters to the Audit Committee; and 3) the Board has received a confirmation from management on the effectiveness of the Group’s risk management and internal control systems.

Since Dr. Lee Peng Fei, Allen, a former Independent Non-Executive Director of the Company, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company, passed away on 15 May 2020, the number of Independent Non-Executive Directors of the Board was temporarily under two and represent less than one-third of the Board. Since then, the Audit Committee comprised two members only and there was also a vacancy for chairman of the Remuneration Committee of the Company. The Board appointed Mr. James Mathew Fong as Independent Non-Executive Director to fill the casual vacancy on 19 June 2020. Also, Mr. James Mathew Fong has been appointed as the chairman of the Remuneration Committee and the member of Audit Committee and Nomination Committee. Therefore, the Board did not meet the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules temporarily during the period from 15 May 2020 and 19 June 2020.

THE BOARD OF DIRECTORS

Composition of the Board

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

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

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

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

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

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

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

Each of the Independent Non-Executive Directors has confirmed in writing his/her independence from the Company in accordance with the guidelines on director independence in the Listing Rules. On this basis, the Company considers all Independent Non-Executive Directors to be independent. All Directors disclosed to the Board on their first appointment their interests as director or otherwise in other public companies or organisations and other significant commitments. Such declarations of interests and the respective time commitment are updated semi-annually and reported to the Company when there is any significant change.

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

All Directors are encouraged to participate in continuous professional development and the Company is responsible for the costs of such trainings. Directors are required to provide a record of the training they received to the Company annually. The participation by Directors in the continuous professional development with appropriate emphasis on duties of a Director of a listed company and corporate governance matters during the year ended 31 March 2021 is as follows:

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

* including physical attendance or by webcast

Board Meetings

Regular Board meetings are held at least four times a year at approximately quarterly intervals and are scheduled in advance to facilitate the fullest possible attendance. Additional meetings may be called if necessary. The company secretary of the Company (the "Company Secretary") assists the Chairman in setting the agenda of Board meetings. Notices of regular Board meetings, including the proposed agenda, are sent to the Directors at least 14 days before the meeting date and each Director is invited to present any businesses that he/she wishes to discuss or propose at such meetings. Finalised agenda and Board papers are normally circulated to all Directors six days before the regular Board meetings to ensure timely access to relevant information. All Directors are supplied with adequate and sufficient information to enable them to make well-informed decisions and they are free to access the senior management of the Group to make further enquiries. The Chief Executive Officer (the "CEO") and the senior management are obligated to respond to the queries raised by the Directors in a timely manner.

The Board agrees to seek independent professional advice at the expense of the Company, upon reasonable request and approval of all Independent Non-Executive Directors. Draft and final versions of Board minutes are circulated to all Directors for their comments and records respectively. Final Board minutes are kept by the Company Secretary and are open for inspection by the Directors. The Company held four regular full Board meetings and two sets of written resolutions were passed during the financial year 2020/21.

The attendance of the full Board meetings during the year ended 31 March 2021 is as follows:

Executive Directors: Mr. Wong Ling Sun, Vincent, Chairman (4/4), Ms. Ng Sui Chun (4/4), Mr. Chan Man Chun, the CEO (4/4) and Ms. Wong Wai Sum, Maya (4/4); Non-Executive Director: Ms. Wong Wai Man, Vivian (4/4); Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (0/0, until 15 May 2020), Dr. Chan Yuen Tak Fai, Dorothy (4/4), Mr. Kwong Ki Chi (4/4) and Mr. James Mathew Fong (4/4, appointed on 19 June 2020).

Board Committees

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

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

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

During the year ended 31 March 2021, the Board held four meetings to perform the following work:

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

- reviewed the risk management and internal control review reports prepared by the internal auditors and discussed with management the reports' findings and recommendations on the Group's operations and corporate activities;
- considered and approved the declaration of special dividends for the year ended 31 March 2020;
- reviewed training and continuous professional development of the Directors and senior management, as well as the adequacy of internal control procedures on the continuing connected transactions of the Group;
- appointed a designated director for the purpose of the Securities Code (see definition below);
- reviewed, considered and approved a continuing connected transaction-renewal of the minibus leasing arrangement and the relevant documents, subject to the independent shareholders' approval; and
- reviewed the results of the ESG materiality assessment of the Group and approved the setup of ESG reporting framework.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The responsibilities of the Chairman include:

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

The responsibilities of the CEO include:

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

DELEGATION BY THE BOARD

Executive Committee

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

The major responsibilities of the Executive Committee are:

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

Remuneration Committee

During the year ended 31 March 2021, the Remuneration Committee was chaired by a former Independent Non-Executive Director, Dr. Lee Peng Fei, Allen (until 15 May 2020), and comprised the other two Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.

Mr. James Mathew Fong, an Independent Non-Executive Director, has been the chairman of the Remuneration Committee since 19 June 2020.

The major responsibilities of the Remuneration Committee are:

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

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

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

During the year ended 31 March 2021, the Remuneration Committee held two meetings to perform the following work:

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

The attendance of the meeting during the year is as follows: Dr. Lee Peng Fei, Allen (0/0, until 15 May 2020), Dr. Chan Yuen Tak Fai, Dorothy (2/2) and Mr. Kwong Ki Chi (2/2) and Mr. James Mathew Fong (1/1, appointed on 19 June 2020).

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

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

The Company adopted a new share option scheme on 30 August 2013 to provide the Company with a platform to offer rewards and incentives to eligible participants for their contribution to the Group and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Please refer to pages 43 to 46 for the details of the share option schemes and the number of outstanding share options held by the Directors.

Audit Committee

The Audit Committee is responsible to the Board and consists of three Independent Non-Executive Directors pursuant to its terms of reference. The Audit Committee is chaired by Mr. Kwong Ki Chi. Dr. Chan Yuen Tak Fai, Dorothy and Mr. James Mathew Fong are the members of the Audit Committee. Dr. Lee Peng Fei, Allen was a member of the Audit Committee until 15 May 2020.

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

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

The major responsibilities of the Audit Committee are:

- being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;

- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- developing and implementing policy on engaging external auditors to supply non-audit services;

- monitoring integrity of the Group's financial statements and annual report and accounts, interim report and reviewing significant financial reporting judgements contained therein;

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

- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;

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

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

The Audit Committee held four meetings during the year ended 31 March 2021 to perform the following work:

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

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

- approved the remuneration of the external auditors;

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

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

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

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

- reviewed the results of the ESG materiality assessment of the Group and recommended the setup of ESG reporting framework to the Board for its approval.

The attendance of the four meetings during the year is as follows: Mr. Kwong Ki Chi (4/4), Dr. Lee Peng Fei, Allen (0/0 until 15 May 2020), Dr. Chan Yuen Tak Fai, Dorothy (4/4) and Mr. James Mathew Fong (4/4, appointed on 19 June 2020).

Nomination Committee

The Nomination Committee consists of three Independent Non-Executive Directors pursuant to its terms of reference The Nomination Committee is chaired by Dr. Chan Yuen Tak Fai, Dorothy, and Mr. Kwong Ki Chi and Mr. James Mathew Fong are the members. Dr. Lee Peng Fei, Allen was a member of the Nomination Committee until 15 May 2020. Mr. James Mathew Fong has been the member of the Nomination Committee since 19 June 2020.

The Board has delegated its authority and duties for matters relating to selection and appointment of Directors of the Company to the Nomination Committee and set out the same in the terms of reference of the Nomination Committee. The Nomination Committee nominates and recommends to the Board candidates for filling vacancies in the Board. It also identifies and nominates qualified individuals, who are expected to have such expertise to make positive contribution to the performance of the Board, to be additional Directors or to fill Board vacancies as and when they arise. The major responsibilities of the Nomination Committee are:

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

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

- assessing the independence of Independent Non-Executive Directors;

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

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

- considered and recommended the appointment of a new Independent Non-Executive Director to the Board for its approval.

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

Nomination policy

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

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

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

As for the nomination procedures, after the Nomination Committee selects candidate(s) suitably qualified to become Board members (based on the key criteria listed above), it makes recommendation(s) to the Board and submits the candidate's personal profile to the Board for consideration. The Board considers the reasons of the recommendations from the Nomination Committee and confirms the appointment of the candidate(s) as Director(s). The procedures of appointment of Director(s) are as reported in the section of "Appointment and Re-Election of Directors" above.

Board diversity policy

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

The Board diversity policy is summarised as below:

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

The age group and gender diversity of the Directors as at 31 March 2021 are as follows:

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

The Nomination Committee is of a view that the backgrounds, skills and experience of the Directors are diverse and they possesses the depth of relevant experience and the expertise to oversee the business of the Group. Meanwhile, it considers the Board also has a satisfactory level of gender and age diversity. Biographical details of the Directors as at the date of this annual report are set out on pages 37 to 38 of this annual report.

During the year ended 31 March 2021, the Nomination Committee held two meetings to perform the following work:

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

- considered and recommended the re-election of Mr. Chan Man Chun and Ms. Wong Wai Sum, Maya as the Executive Directors, Ms. Wong Wai Man, Vivian as the Non-Executive Director and Mr. James Mathew Fong as the Independent Non-Executive Director;

- reviewed the diversity policy of the Group;

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

- considered and recommended the appointment of Mr. James Mathew Fong as the Independent Non-Executive Director in accordance with the Company's nomination policy and procedures.

The attendance of the two meetings held during the year is as follows: Dr. Chan Yuen Tak Fai, Dorothy (2/2), Dr. Lee Peng Fei, Allen (0/0 until 15 May 2020), Mr. Kwong Ki Chi (2/2) and Mr. James Mathew Fong (1/1, appointed on 19 June 2020).

Delegation of Responsibilities to Management

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

Company Secretary

All Directors should have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and plays an important role in supporting the Board by ensuring Board procedures are followed and facilitating good information flows and communications among Directors as well as Shareholders and management. The Company Secretary is also responsible for advising the Board through the Chairman on governance matters and should also facilitate induction and professional development of Directors. The Company Secretary completed more than 15 hours of relevant professional training during the year ended 31 March 2021.

EXTERNAL AUDITORS

The external auditors are primarily responsible for the auditing and reporting of the annual financial statements. For the financial year ended 31 March 2021, the total remuneration paid or payable to the external auditors was HK$639,000 (2020: HK$644,000), of which HK$555,000 (2020: HK$560,000) was for audit and HK$84,000 (2020: HK$84,000) was for interim review services.

DIRECTORS' AND EXTERNAL AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements of the Company and of the Group. The financial statements are prepared on a going concern basis and give a true and fair view of the financial position of the Group as at 31 March 2021, and of the Group's financial performance and cash flows for the year then ended. In preparing the financial statements for the year ended 31 March 2021, the members of the Board have made reasonable judgements and estimates, adopted appropriate accounting policies and, apart from those new or revised accounting policies as disclosed in the notes to the financial statements for the year ended 31 March 2021, applied the policies consistently with the previous financial year.

The external auditors' responsibilities are clearly explained in the Independent Auditors' Report contained in this annual report. Please refer to pages 50 to 54 for details.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Board has the overall responsibility in overseeing sound risk management and internal control systems and reviewing its effectiveness annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. For the year ended 31 March 2021, the Board confirms that it has through the Audit Committee conducted a review of the effectiveness of the Group's risk management and internal control systems and considers the systems are effective and adequate. The Board also received a written confirmation from the CEO in which the management confirmed that the Group's risk management and internal control systems were effective and adequate throughout the year ending 31 March 2021.

Risk Management

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

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

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

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

Board
(delegated to its Audit Committee)

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

Management
(comprises the Executive Committee and the senior management)

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

Internal auditors

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

Group Functions

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

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

Risk identification
- Identify risks that may potentially affect the business and operations.

→

Risk assessment
- assess the risk identified by using the assessment criteria developed by the management.
- risks are assessed and scored by considering mainly its impact on the business and the likelihood or their occurrence.

→

Prioritise the risks
- prioritise the risks by comparing the results and score of the risk assessment.

→

Develops risk management strategies
- determines risk management strategies and the internal control process to prevent, avoid or mitigate the risks.

Risk monitoring and reporting
- continuous recording of risk situation by submitting updated risk profile, which documented the assessment results and internal controls applied, and key risk indicators reports to the management and the Board regularly.
- revision of risk management policy if any significant change of situation.

The Audit Committee is delegated by the Board with responsibilities to oversee the Group's overall risk management system. During the year ended 31 March 2021, regarding the risk management system, the Audit Committee performed the following work:

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

Internal Control

The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorised use or disposal, ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations.

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

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

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

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

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

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

Internal Audit

The Group does not have an internal audit department. The internal audit function has been outsourced to professionals in accountancy, as selected by the Audit Committee. The internal auditors are independent of the Group and conduct internal audits on areas of concern identified by the Audit Committee annually. The term of the engagement of the internal auditors is fixed at three years in order to have a structured and comprehensive audit plan and achieve continuity. The internal auditors report to the Audit Committee directly and the members of the Audit Committee have free and direct access to the head of the internal auditor without reference to the Executive Directors or the management. The Board has overall responsibilities to maintain sound and effective risk management and internal control systems of the Group.

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

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

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

Any identified control weaknesses are addressed in the risk management and internal control review reports (the "Review Reports"). Draft Review Reports are sent to the Executive Directors, the CEO and the senior management concerned for the management's comments and responses. The finalised Review Reports are submitted to the Board and the Audit Committee for their review twice per year. The Board and the internal auditors consider that the Group's material internal controls are adequate and effective and the Group has complied with the code provisions on risk management and internal control set out in the Code during the year 31 March 2021.

SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees (as defined in the Code) (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. A copy of the Securities Code has been sent to each Director. The Securities Code is also applicable to the employees of the Group who are likely to be in possession of unpublished inside information in relation to the Group.

Formal written notices are sent to the Directors and relevant employees as reminder that they must not deal in the securities and derivatives of the Company during the period of 30 days and 60 days immediately preceding the date of publication of the Company's interim results and annual results respectively and until after such results have been published.

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

Having made specific enquiries, all Directors have confirmed that they have met the required standard set out in the Securities Code and the Model Code throughout the financial year under review. Directors' interests as at 31 March 2021 in the shares in the Company and its associated corporations (within the meaning of Part XV of the SFO) are set out on pages 42 to 43 of this annual report.

INVESTOR RELATIONS

Shareholders' Communication Policy

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

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

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

General Meetings

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

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

The Directors' attendance of AGM 2020 is as follows:

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

Convening General Meetings by Shareholders

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

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

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

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

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

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

EXECUTIVE DIRECTORS

Mr. Wong Ling Sun, Vincent, MILT, JP, aged 46, is the Chairman since 12 December 2014. Mr. Wong was appointed as Executive Director of the Company on 16 October 2004. He is also the director of all subsidiaries of the Group. Mr. Wong is the son of Ms. Ng Sui Chun, the brother of Ms. Wong Wai Man, Vivian and Ms. Wong Wai Sum, Maya and the nephew of Mr. Wong Man Chiu, who is the engineering manager of the Group. He also holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of Securities and Futures Ordinance ("SFO"), namely Skyblue Group Limited ("Skyblue"), Metro Success Investment Limited ("Metro Success") and JETSUN UT Company (PTC) Limited ("JETSUN"). Mr. Wong holds a bachelor of arts degree in economics and he is an honorary fellow of School of Professional and Continuing Education of The University of Hong Kong ("HKU SPACE"). Prior to joining the Group in 2002, he worked for a large smart card system provider company in Hong Kong. Mr. Wong is a member of the Chartered Institute of Logistics and Transport ("CILT") in Hong Kong. Mr. Wong was an elected member of the Southern District Council from 2008 to 2015. As the Chairman, Mr. Wong is responsible for chairing and leading the Board in formulating the overall business strategies, monitoring the corporate development of the Group and maintaining good standard of corporate governance practices throughout the Group.

Ms. Ng Sui Chun, aged 70, is the finance director of the Company and one of the founders of the Group. She also holds directorship in all subsidiaries of the Group. Ms. Ng has been actively involved in the management of the daily operations of the Group for over 44 years and is responsible for the implementation of corporate policies, particularly in the area of finance and administration of the Group. She also actively participates in charitable activities, including being the chairman of the Aberdeen Women Compassion Association, a committee member of the Association for the Elders of Aberdeen, a member of Zhongshan Overseas Women Association and a committee member of The Tung Wah Group of Hospitals Aberdeen District Committee. Ms. Ng is the mother of Mr. Wong Ling Sun, Vincent, Ms. Wong Wai Man, Vivian and Ms. Wong Wai Sum, Maya. She is also the sister-in-law of Mr. Wong Man Chiu. She also holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of SFO, namely Skyblue, Metro Success and JETSUN.

Mr. Chan Man Chun, MBA, JP, aged 58, is the CEO and Executive Director. Mr. Chan is actively involved in the overall business operations and is responsible for the formulation and implementation of the corporate strategies of the Group. He holds a master degree in business administration (MBA) and a bachelor degree in transport from The Hong Kong Polytechnic University. Mr. Chan is spokesperson of the Hong Kong Scheduled (GMB) Licensee Association. He is also a member of the Secretary for Home Affairs Major Sports Events Committee, a chairman of the Southern District Youth Programme Committee, the Southern District Football Club and the Southern District Recreation & Sports Association. He joined the Group in July 1989 and was appointed as CEO on 1 April 2005.

Ms. Wong Wai Sum, Maya (former name: Ms. Wong Wai Sum, May), BBA (HRM), MA (TranspPol & Plan), MIHRM (HK), CMILT, aged 45, is the daughter of Ms. Ng Sui Chun, the sister of Mr. Wong Ling Sun, Vincent and the niece of Mr. Wong Man Chiu. She is also the director of all subsidiaries of the Group. She also holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of SFO, namely Skyblue, Metro Success and JETSUN. She joined the Group in September 2003. Ms. Wong is the human resources and deputy finance director of the Company and is responsible for the human resources and financial management of the Group. Prior to joining the Group, Ms. Wong worked for a leading international airline company. She holds a master of arts degree in transport policy and planning from The University of Hong Kong and a bachelor of business administration degree (major in human resources management) from Simon Fraser University in Canada. She received a certificate of international division program in Japanese language and Asian studies in Waseda University in Japan. She has been a chartered member of CILT in Hong Kong and an ordinary member of the Hong Kong Institute of Human Resources Management since 2005. Ms. Wong was appointed as Executive Director on 30 September 2011.

NON-EXECUTIVE DIRECTOR

Ms. Wong Wai Man, Vivian, BA, MBA, aged 51, is the daughter of Ms. Ng Sui Chun, the sister of Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, Maya. She is also the niece of Mr. Wong Man Chiu. She holds directorship in three substantial shareholders as defined under Part XV Disclosure of Interests of SFO, namely Skyblue, Metro Success and JETSUN. Ms. Wong holds a bachelor degree in business economics from the University of California, Los Angeles, United States (UCLA) and a master degree in business administration from the Hong Kong University of Science and Technology. She is an associate member of the Hong Kong Institute of Certified Public Accountants and was qualified under The American Institute of Certified Public Accountants. Ms. Wong has over 17 years working experience in the financial services industry. She previously worked at Morgan Stanley Asia Limited holding positions in corporate treasure and was an executive director and the Asia Pacific Head of Banking Products in UBS AG (Private Banking). Before joining the financial services industry, she worked for KPMG Peat Marwick LLP Los Angeles, United States in auditing for five years. She was appointed as Non-Executive Director on 29 August 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chan Yuen Tak Fai, Dorothy, B.Soc.Sc, M.Soc.Sc, PhD, BBS, FCILT, aged 71, is currently a deputy director of HKU SPACE and an independent non-executive director of MTR Corporation Limited, a Main Board listed company on the Stock Exchange. She is also a council member of MTR Academy (HK) Company Limited and HKU SPACE Po Leung Kuk Stanley Ho Community College. Dr. Chan is an honorary fellow and an advisor to the Council of Trustees of the CILT. Her current public service duties include serving as a member of the Board of Governors of the Hong Kong Institute for Public Administration, the chairperson of the Sustainable Agricultural Development Fund Advisory Committee, a director of TWGHs E-Co Village Board and a strategy advisor to the Serco Group (HK) Limited. Before joining HKU SPACE, Dr. Chan was the Deputy Commissioner for Transport of the Hong Kong Government. She was also the CILT international president, the immediate past global chairperson and global advisor on Women in Logistics and Transport (WiLAT) of CILT, a member of the Social Welfare Advisory Committee and the Advisory Council on Environment of the Hong Kong Government.

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

Mr. Kwong Ki Chi, GBS, JP, aged 70, is currently an independent non-executive director of another listed company, Giordano International Limited. He had served in the Hong Kong Government for 27 years and held positions principally in the economic and financial fields. Mr. Kwong was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Hong Kong government in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and chief executive and retired in April 2003. Since then, Mr. Kwong had served as managing director of Hsin Chong International Holdings Limited and Hongkong Sales (Int'l) Limited and as director of Macau Legend Development Limited. Besides, Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Hong Kong Government. Mr. Kwong graduated from The University of Hong Kong with a bachelor of science degree in physics and mathematics and was awarded a master of philosophy degree in economics and politics of development by the University of Cambridge, England. He was appointed as Independent Non-Executive Director in March 2011.

Mr. James Mathew Fong, aged 45, is a partner of Bird & Bird, one of the largest international law firms in Hong Kong. He obtained a Bachelor of Laws degree from The University of Hong Kong and is a member of The Law Society of Hong Kong. During his more than 20 years of legal career, Mr. Fong has been advising listed issuers and investment banks clients on capital markets, merger & acquisition and corporate governance matters. He also serves in a number of statutory bodies and committees in Hong Kong. He is currently a member of the Private Columbaria Licensing Board, an observer of the Independent Police Complaints Council, the Deputy Chairman of Appeal Board established under the Urban Renewal Authority Ordinance. He is also a member of the Panel of Advisors on Building Management Disputes and a coop member of Hong Kong Arts Development Council review committee. Mr. Fong is currently an independent non-executive director of another public company listed on The Stock Exchange of Hong Kong Limited, Kwoon Chung Bus Holdings Limited (Stock code: 306). He was appointed as Independent Non-Executive Director on 19 June 2020.

SENIOR MANAGEMENT

Wong Man Chiu, MSc, aged 58, has been the engineering manager of the Group since 1993. He also holds directorship in two subsidiaries of the Group. Mr. Wong is responsible for the management of the Group's repair and maintenance centres. He holds a master degree in computer science from the University of Manchester in England and a bachelor of engineering degree in mechanical engineering with vehicle option from the Hatfield Polytechnic in England. He also obtained a higher certificate in mechanical engineering from The Hong Kong Polytechnic University. Mr. Wong joined the Group in 1993 and is the brother-in-law of Ms. Ng Sui Chun and the uncle of Mr. Wong Ling Sun, Vincent, Ms. Wong Wai Man, Vivian and Ms. Wong Wai Sum, Maya.

Ms. Wong Ka Yan, HKICPA, LLB, aged 44, is the financial controller and Company Secretary of the Group. She joined the Group in January 2003 and is responsible for the financial control, accounting and company secretarial functions of the Group. She graduated from The Chinese University of Hong Kong with a bachelor degree in business administration (major in general finance) and also holds a bachelor degree in laws from the University of London. Ms. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Prior to joining the Group, she had worked in an international accounting firm in auditing. She was appointed as Company Secretary on 26 July 2005.

Mr. Wong Yu Fung, MILT, aged 43, is the operations manager of the Group and responsible for daily route operation management and route restructuring planning etc. He holds a bachelor degree in transport and logistics management from RMIT University and a higher diploma in transport studies from the Hong Kong Institute of Vocational Education. Mr. Wong joined the Group in June 2000.

The Directors hereby present their report together with the audited financial statements of the Group to the shareholders for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

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

RESULTS AND RECOMMENDED DIVIDENDS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated income statement on page 55. The Directors recommend payment of a final dividend of HK7.0 cents per ordinary share (2020: nil) in respect of the year, to shareholders on the register of members on 7 September 2021. The expected payment date of the final dividend is 14 September 2021. A special dividend of HK3.0 cents per ordinary share was declared for the year ended 31 March 2020.

BUSINESS REVIEW

The Group's revenue is derived primarily from the provision of franchised PLB transportation services in Hong Kong. The business review of the Group for the year ended 31 March 2021 as required by Schedule 5 to the Hong Kong Companies Ordinance is contained in the "Chairman's Statement", "Management Discussion and Analysis", "Environmental, Social and Governance Report" and "Corporate Governance Report" sections of this annual report. Details about the Group's financial risk management are also set out in note 38 to the financial statements. This business review forms part of this Directors' Report.

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 March 2021 are set out in the consolidated statement of changes in equity and note 31 to the financial statements respectively.

DONATIONS

Charitable donations made by the Group during the year ended 31 March 2021 amounted to HK$10,000 (2020: HK$10,000).

PROPERTY, PLANT AND EQUIPMENT

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

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2021 are set out in note 20 to the financial statements.

BANK BORROWINGS

The bank borrowings of the Group are shown in note 26 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 29 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2021 amounted to HK$234,790,000 (2020: HK$241,286,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 112.

DIRECTORS

The Directors during the year ended 31 March 2021 and up to the date of this report are:

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

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

Independent Non-Executive Directors:
Dr. Lee Peng Fei, Allen *(passed away on 15 May 2020)*
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi
Mr. James Mathew Fong *(appointed on 19 June 2020)*

In accordance with Article 86(3) and 87(1) of the Articles, the Executive Directors Mr. Chan Man Chun, Ms. Wong Wai Sum, Maya, the Non-Executive Director Ms. Wong Wai Man, Vivian and the Independent Non-Executive Director Mr. James Mathew Fong, will retire and, being eligible, offer themselves for re-election at the forthcoming AGM. Mr. James Mathew Fong was appointed by the Board on 19 June 2020 and elected as an Independent Non-Executive Director for a period of not more than one year at the AGM held on 28 August 2020 ("AGM 2020"). He is eligible for election at the AGM and if he is elected, his appointment shall then continue for a period not more than three years and be subject to retirement by rotation and re-election at the subsequent AGMs in accordance with the Articles and the Listing Rules.

The other two Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi, they have been appointed for a period of not more than three years starting from the date of AGM 2019 and the date of AGM 2020 respectively.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received the annual confirmation of independence from each of the three Independent Non-Executive Directors in April 2021 and the Company considers the Independent Non-Executive Directors to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 37 to 39.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the year ended 31 March 2021, Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, Maya, all being Executive Directors, and Ms. Wong Wai Man, Vivian, being the Non-Executive Director (together with their family members, collectively the "Wong Family"), were indirectly interested in:

i) a minibus leasing agreement dated 29 June 2017 (as varied, amended and supplemented by the two supplemental agreements dated 9 April 2018 and 8 January 2019) entered into between Gurnard Holdings Limited ("Gurnard"), a wholly owned subsidiary of the Company, as lessee and Maxson Transportation Limited ("Maxson"), Hong Kong & China Transportation Consultants Limited ("HKCT") and Big Three Limited ("Big Three") as lessors. The lessors were beneficially owned and controlled by the controlling shareholders, the Wong Family; and

ii) a minibus leasing agreement dated 26 June 2020 entered into between Gurnard, as lessee, and, Maxson, HKCT and Big Three as lessors. The lessors were beneficially owned and controlled by the controlling shareholders, the Wong Family.

Please refer to the section "Connected Transactions" of this Directors' Report for details.

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

DIRECTORS' INTERESTS IN SHARES

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

As at 31 March 2021, the interests and short positions of the Directors in the shares, underlying shares and debentures in/of the Company and its associated corporations (within the meaning of the Part XV of the SFO) which have been recorded in the register required to be kept under Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director	Number of ordinary shares held			Number of underlying shares held in respect of the share options (Note e)		
	Personal interests	Family interests	Other interests	Personal interests	Total interests	Approximate percentage of aggregate interests to the total number of issued ordinary shares
Mr. Wong Ling Sun, Vincent	34,664,900	11,003,200 (Note b)	117,677,000 (Note a)	–	163,345,100	60.07%
Ms. Ng Sui Chun	13,725,900	–	117,677,000 (Note a)	–	131,402,900	48.32%
Mr. Chan Man Chun	3,539,500	220,000 (Note c)	–	–	3,759,500	1.38%
Ms. Wong Wai Sum, Maya	5,682,600	–	117,677,000 (Note a)	–	123,359,600	45.36%
Ms. Wong Wai Man, Vivian	2,325,600	4,200,000 (Note d)	117,677,000 (Note a)	–	124,202,600	45.67%
Dr. Chan Yuen Tak Fai, Dorothy	588,000	–	–	300,000	888,000	0.33%
Mr. Kwong Ki Chi	588,000	–	–	300,000	888,000	0.33%

Notes:

(a) As at 31 March 2021, 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"), the trustee of The JetSun Unit Trust, which is in turn wholly owned by HSBC International Trustee Limited ("HSBCITL") as trustee of The JetSun Trust. The entire issued share capital of JETSUN is owned by HSBCITL. The JetSun Trust is a discretionary trust and its discretionary objects include Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian.

(b) 10,651,200 ordinary shares out of the family interest were held by the Director as trustee for the benefit of his children. The remaining 352,000 ordinary shares were held by the spouse of the Director.

(c) These ordinary shares were held by the spouse of the Director.

(d) The Director held these ordinary shares as trustee for the benefit of her children.

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

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain Directors of the Group, as at 31 March 2021, none of the Directors and their associates have any interests or short positions in any shares, underlying shares and debentures in/of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2021.

SHARE OPTION SCHEME

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

The 2004 Scheme

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

The 2013 Scheme

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

(a) Purpose of the 2013 Scheme

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

(b) Participants of the 2013 Scheme

Pursuant to the 2013 Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for the shares:

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

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

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

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

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

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

and for the purpose of the 2013 Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. The eligibility of the above classes of participants to the grant of options shall be determined by the Directors from time to time with reference to the relevant participants' contributions to the development and growth of the Group.

(c) Total number of shares available for issue under the 2013 Scheme

The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2013 Scheme and any other share option scheme of the Company) to be granted under the 2013 Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue as at the date of approval of the 2013 Scheme by the shareholders of the Company (the "Scheme Mandate Limit"). The Company may seek approval of its shareholders in general meeting to refresh the Scheme Mandate Limit subject to requirements under Chapter 17 of the Listing Rules provided that the total number of shares which may be issued upon exercise of all options to be granted under the 2013 Scheme under the Scheme Mandate Limit as refreshed must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The Scheme Mandate Limit under the 2013 Scheme is up to 26,612,500 shares, representing 10% of the issued shares of the Company as at 30 August 2013, the date of approval of the 2013 Scheme. The total number of shares available for issue under the 2013 Scheme was 18,184,500, representing 6.7% of the issued shares of the Company as at 31 March 2021.

(d) ***Maximum entitlement of each participant***

Unless approved by the shareholders of the Company, the total number of shares issued or to be issued upon exercise of the options granted to each participant of the 2013 Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue at the material time.

(e) ***Time of exercise of options***

An option may be exercised in accordance with the terms of the 2013 Scheme at any time during a period to be determined and notified by the Directors to each grantee of the 2013 Scheme, or in the absence of such determination, a period commencing on a day upon which the offer for grant of the option is accepted and ending on the earlier of either the date on which such option lapses under the relevant provisions of the 2013 Scheme or 10 years from the date of offer of the option, subject to the provisions on early termination set out in the 2013 Scheme.

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

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

(g) ***Payment on acceptance of option***

Pursuant to the 2013 Scheme, a nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

(h) ***Basis of determining the subscription price***

The subscription price of a share in respect of any particular option granted under the 2013 Scheme shall be such price as the Directors in their absolute discretion may determine, save that such price must not be less than the highest of (i) the nominal value of the share, (ii) the average of the closing prices of the share as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of grant of the option; and (iii) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a trading day).

(i) ***Remaining life of the 2013 Scheme***

The 2013 Scheme will continue to be in full force and effect until 29 August 2023 (i.e. 10 years from the date on which the 2013 Scheme was adopted) unless terminated earlier by the Company by resolution passed in general meeting. After expiration or termination (as the case may be), no further options shall be offered but options granted prior thereto shall continue to be valid and exercisable in accordance with the provisions of the 2013 Scheme.

Details of the outstanding share options of the Company as at 31 March 2021 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 2020	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Outstanding as at 31 March 2021
Directors:									
Dr. Chan Yuen Tak Fai, Dorothy	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000	–	–	–	300,000
Mr. Kwong Ki Chi	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000	–	–	–	300,000
Total Directors					600,000	–	–	–	600,000
Former Director:									
Dr. Lee Peng Fei, Allen (deceased)	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000	–	–	–	300,000
(note b)	23/9/2015	258,000	23/9/2015–22/9/2025	1.25	258,000	–	–	–	258,000
					558,000	–	–	–	558,000
Continue Contract Employees:									
In aggregate	20/10/2011	4,050,000	20/10/2011–19/10/2021	1.60	4,000,000	–	–	–	4,000,000
	23/9/2015	3,096,000	23/9/2015–22/9/2025	1.25	2,339,000	–	–	–	2,339,000
					6,339,000	–	–	–	6,339,000
Total all categories					7,497,000	–	–	–	7,497,000

Notes:

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

(b) Dr. Lee Peng Fei, Allen, a former Independent Non-Executive Director, passed away on 15 May 2020. All of his share options outstanding as at 31 March 2021 have lapsed on 15 May 2021.

(c) 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. No share options were granted, cancelled, lapsed or exercised during the year ended 31 March 2021.

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

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for less than 30% of the Group's total revenue for the year ended 31 March 2021.

The percentages of purchase for the year ended 31 March 2021 from the Group's major suppliers are as follows:

Purchases

– the largest supplier: 8.4% (2020: 7.6%)
– the five largest suppliers combined: 34.6% (2020: 31.2%)

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

Connected Transactions

Significant related party transactions entered into by the Company during the year ended 31 March 2021, constituting connected transactions under the Listing Rules which are required to be disclosed in accordance with Chapter 14A of the Listing Rules are as follows:

	Year ended 31 March	
	2021 **HK$'000**	2020 HK$'000
Continuing connected transactions:		
PLB lease payments to related companies	**66,934**	67,842
Administration fee income received from related companies	**2,403**	2,389

Pursuant to the two minibus leasing agreements dated 29 June 2017 (as varied, amended and supplemented by the two supplemental agreements dated 9 April 2018 and 8 January 2019) and 26 June 2020 respectively, the PLB lease payments disclosed above, after deduction of administration fee income, payable to Maxson, HKCT and Big Three, all of them are beneficially owned and controlled by the Wong Family, constitute continuing connected transactions of the Company.

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

1. the foregoing continuing connected transactions were entered into:

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

   (b) on normal commercial terms or better; and

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

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

3. the aggregate amount of PLB lease payments for the six months ended 30 September 2020 of HK$33,138,000 payable by the Group under the minibus leasing agreement dated 29 June 2017 (as varied, amended and supplemented by the two supplemental agreements dated 9 April 2018 and 8 January 2019), after deduction of administration fee income received, did not exceed HK$44,271,000, the annual cap in accordance with the ordinary resolution passed in the AGM held on 29 August 2017;

4. the aggregate amount of right-of-use assets of HK$184,229,000 recognised by the Group for the six months ended 31 March 2021 under the minibus leasing agreement dated 26 June 2020 did not exceed HK$209,396,000, the annual cap in respect of the right-of-use assets in accordance with the ordinary resolution passed in the AGM held on 28 August 2020; and

5. the aggregate amount of administration fee income for the six months ended 31 March 2021 of HK$1,201,000 received by the Group under the minibus leasing agreement dated 26 June 2020 did not exceed HK$1,321,000, the annual cap in respect of the administration fee income in accordance with the ordinary resolution passed in the AGM held on 28 August 2020.

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2021, the following persons (other than the Directors) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders		Number of Shares/ underlying Shares held	Approximate percentage to the total number of issued shares in the Company as at 31 March 2021
HSBCITL	(Note a)	133,077,000	48.94%
JETSUN	(Note a)	117,677,000	43.27%
Metro Success	(Note a)	117,677,000	43.27%
Skyblue	(Note a)	117,677,000	43.27%
The Seven International Holdings (L) Limited ("SIHL")	(Note b)	14,850,000	5.46%
The Seven Capital Limited ("SCL")	(Note b)	14,850,000	5.46%

Notes:

(a) As at 31 March 2021, a total of 117,677,000 ordinary shares in the Company 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, which is wholly owned by HSBCITL as trustee of The JetSun Trust. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Ling Sun, Vincent, Ms. Ng Sui Chun, Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian are the beneficiaries of The JetSun Trust.

(b) As at 31 March 2021, a total of 14,850,000 ordinary shares in the Company were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HSBCITL.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director and the CEO) having an interest or a short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the year ended 31 March 2021. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the financial year under review.

CORPORATE GOVERNANCE

The Company has complied with the provisions of the code as set out in Appendix 14 "Corporate Governance Code and Corporate Governance Report" (the "Code") of the Listing Rules for the year ended 31 March 2021. A report on the principal corporate governance practices adopted by the Company is set out on pages 22 to 36 of this annual report. Following the passing away of Dr. Lee Peng Fei, Allen, the former Independent Non-Executive Director, on 15 May 2020, the number of Independent Non-Executive Director of the Board was temporarily under two and represent less than one-third of the Board. Also, the Audit Committee of the Company then comprised two members only and there was a vacancy for chairman of the Remuneration Committee of the Company. On 19 June 2020, Mr. James Mathew Fong was appointed as an Independent Non-Executive Director, the chairman of Remuneration Committee and also a member of Audit Committee and Nomination Committee. Therefore, the Board did not meet the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules during the period from 15 May 2020 to 19 June 2020.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 29 June 2021 to review the Group's annual financial statements and annual results announcement, and to provide advice and recommendations to the Board.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY

Subject to the applicable laws, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses may be incurred by him/her in the execution of his/her duties or in relation thereto pursuant to the Articles. Such provisions were in force during the course of the year ended 31 March 2021 and remained in force as of the date of this report. The Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

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

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITORS

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

By Order of the Board

Wong Ling Sun, Vincent
Chairman

Hong Kong, 29 June 2021

Grant Thornton
致同

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

OPINION

We have audited the consolidated financial statements of AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 55 to 111, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Valuation of PLB licences

Refer to note 18 to the consolidated financial statements, the accounting policies in note 2.8 and the accounting estimates and judgement in note 4.

The Key Audit Matter	How the matter was addressed in our audit
Management has estimated the fair value of the Group's PLB licences to be HK$129,690,000 as at 31 March 2021 with deficit on revaluation for the year ended 31 March 2021 recorded in the consolidated income statement of HK$20,790,000. The fair value of the Group's PLB licences were assessed by an external valuer based on independent valuation. We identified valuation of the Group's PLB licences as a key audit matter because of the significance of PLB licences to the consolidated financial statements and the determination of the fair value involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology and market data.	Our audit procedures to valuation of PLB licences included: – obtaining valuation report of the Group's PLB licences performed by the external valuer; – assessing the competence, independence, and objectivity of the external valuer; – assessing the valuation methodology adopted by the external valuer; – checking, on a sample basis, the accuracy and relevance of the input data used by comparing them with available market data; and – assessing the reasonableness of key assumptions adopted in the valuations.

Impairment assessment of goodwill

Refer to note 22 to the consolidated financial statements, the accounting policies in note 2.9 and the accounting estimates and judgement in note 4.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2021, the Group had net carrying amounts of goodwill of HK$22,918,000, which were allocated to four cash generating units ("CGUs") of franchised PLB services according to their separate operating rights. The Company's management performed impairment assessment of the Group's goodwill. The recoverable amount of each CGU was determined based on value-in-use calculations using future cash flow projections. Based on the results of the impairment assessment which involved significant management judgements and estimation including the growth rates and discount rates applied in the value-in-use calculations, the Company's management has concluded that there was no impairment of the goodwill for the year ended 31 March 2021. We identified the impairment assessment of goodwill as a key audit matter because the value-in-use calculations involved significant management judgement and estimation, and were based on assumptions that would be affected by economic and market conditions.	Our audit procedures in relation to impairment assessment of goodwill included: – assessing the valuation methodology adopted by the management and the reasonableness of key assumptions and significant inputs; – evaluating the historical accuracy of cash flow forecasts by comparing them to actual results in the current year; – reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and – assessing the sensitivity analysis prepared by management on the significant assumptions to evaluate the extent of impact on the discounted cash flows.

Impairment assessment of right-of-use assets

Refer to note 17 to the consolidated financial statements, the accounting policies in note 2.17 and the accounting estimates and judgement in note 4.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2021, the carrying amounts of right-of-use assets was HK$153,656,000, which were allocated to the CGUs according to their separate operating rights. The Company's management performed impairment assessment of the Group's right-of-use assets. The recoverable amount of each CGU was determined based on value-in-use calculations using future cash flow projections. Based on the results of the impairment assessment which involved significant management judgements and estimation including the growth rates and discount rates applied in the value-in-use calculations, the Company's management has concluded that there was no impairment of the right-of-use assets for the year ended 31 March 2021. We identified the impairment assessment of right-of-use assets as a key audit matter because of the significance of right-of-use assets to the consolidated financial statements and the value-in-use calculations involved significant management judgement and estimation, and were based on assumptions that would be affected by economic and market conditions.	Our audit procedures in relation to impairment assessment of right-of-use assets included: – assessing the valuation methodology adopted by the management and the reasonableness of key assumptions and significant inputs; – evaluating the historical accuracy of cash flow forecasts by comparing them to actual results in the current year; – reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and – assessing the sensitivity analysis prepared by management on the significant assumptions to evaluate the extent of impact on the discounted cash flows.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2021 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

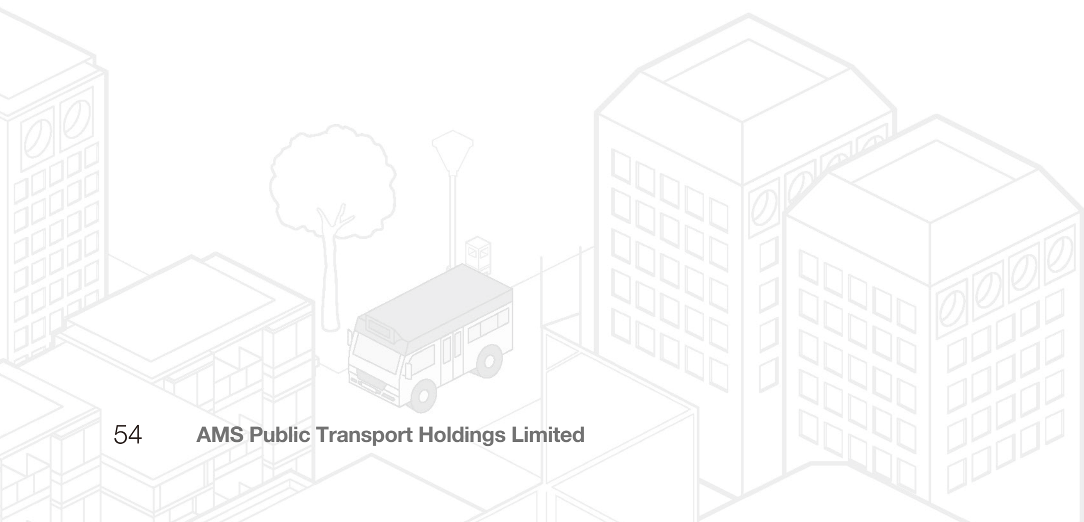
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions, taken to eliminate threats or safeguards applied.

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

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

29 June 2021

Kwok Siu Kwan, Sylvia
Practising Certificate No.: P06616



CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 HK$'000	2020 HK$'000
Revenue	6	**303,366**	365,077
Direct costs		**(278,411)**	(317,123)
Gross profit		**24,955**	47,954
Other revenue	7	**7,104**	10,681
Other net income	7	**58,507**	111
Administrative expenses		**(38,972)**	(40,035)
Other operating expenses		**(1,333)**	(1,165)
Operating profit		**50,261**	17,546
Deficit on revaluation of PLB licences	18	**(20,790)**	(47,120)
Provision for impairment of public bus licences	19	**(4,734)**	(400)
Finance costs	8	**(5,681)**	(5,288)
Share of result of a joint venture	21	**262**	601
Profit/(Loss) before income tax	9	**19,318**	(34,661)
Income tax credit/(expense)	10	**2,503**	(1,712)
Profit/(Loss) for the year attributable to equity holders of the Company		**21,821**	(36,373)
Earnings/(Loss) per share attributable to equity holders of the Company			
– Basic (In HK cents)	12(a)	**8.03**	(13.38)
– Diluted (In HK cents)	12(b)	**8.03**	(13.38)

The notes on pages 60 to 111 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	Year ended 31 March	
		2021 **HK$'000**	2020 HK$'000
Profit/(Loss) for the year		**21,821**	(36,373)
Other comprehensive expense			
Item that will not be reclassified subsequently to consolidated income statement			
– Deficit on revaluation of PLB licences	18	**–**	(400)
Total comprehensive income/(expense) for the year attributable to equity holders of the Company		**21,821**	(36,773)

The notes on pages 60 to 111 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	As at 31 March 2021 HK$'000	As at 31 March 2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**37,246**	42,063
Investment property	16	**51**	–
Right-of-use assets	17	**153,656**	34,029
PLB licences	18	**129,690**	150,480
Public bus licences	19	**10,050**	14,784
Interest in a joint venture	21	**–**	1,348
Goodwill	22	**22,918**	22,918
Deferred tax assets	33	**3,399**	1,721
		357,010	267,343
Current assets			
Trade and other receivables	23	**12,855**	8,989
Amount due from a joint venture	21	**–**	1,000
Tax recoverable		**1,528**	1,869
Bank balances and cash	24	**47,602**	21,263
		61,985	33,121
Current liabilities			
Trade and other payables	25	**33,083**	34,581
Bank borrowings	26	**10,462**	15,258
Lease liabilities	27	**60,732**	34,191
Tax payable		**139**	2
		104,416	84,032
Net current liabilities		**(42,431)**	(50,911)
Total assets less current liabilities		**314,579**	216,432
Non-current liabilities			
Bank borrowings	26	**135,644**	143,450
Lease liabilities	27	**93,431**	–
Deferred tax liabilities	33	**2,246**	3,388
		231,321	146,838
Net assets		**83,258**	69,594
EQUITY			
Share capital	29	**27,191**	27,191
Reserves		**56,067**	42,403
Total equity		**83,258**	69,594

Wong Ling Sun, Vincent	**Ng Sui Chun**
Chairman	*Director*

The notes on pages 60 to 111 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Equity attributable to equity holders of the Company						
		Reserves (note i)					
	Share capital HK$'000	Share premium HK$'000	PLB licences revaluation reserve HK$'000	Share options reserve HK$'000	Capital reserve (note ii) HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
As at 1 April 2020	**27,191**	**74,612**	**–**	**1,666**	**19,296**	**(53,171)**	**69,594**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**21,821**	**21,821**
2020 special dividends (note 11)	**–**	**–**	**–**	**–**	**–**	**(8,157)**	**(8,157)**
As at 31 March 2021	**27,191**	**74,612**	**–**	**1,666**	**19,296**	**(39,507)**	**83,258**
As at 1 April 2019	27,191	74,612	400	1,666	19,296	4,955	128,120
Loss for the year	–	–	–	–	–	(36,373)	(36,373)
Other comprehensive expense:							
– Deficit on revaluation of PLB licences (note 18)	–	–	(400)	–	–	–	(400)
Total comprehensive expense for the year	–	–	(400)	–	–	(36,373)	(36,773)
2019 special dividends (note 11)	–	–	–	–	–	(21,753)	(21,753)
As at 31 March 2020	27,191	74,612	–	1,666	19,296	(53,171)	69,594

Notes:

(i) The reserves comprise the Group's reserves of HK$56,067,000 (2020: HK$42,403,000) in the consolidated statement of financial position.

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

The notes on pages 60 to 111 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Cash generated from operations	37(a)	**115,248**	89,357
Income tax refunded/(paid)		**161**	(4,542)
Net cash from operating activities		**115,409**	84,815
Cash flows from investing activities			
Purchase of property, plant and equipment		**(600)**	(16,157)
Dividend income from a joint venture		**1,600**	–
Receipt of government subsidies for disposal of property, plant and equipment		**–**	4,248
Repayment of amount due from a joint venture		**1,000**	500
Proceeds from disposal of property, plant and equipment		**41**	243
Proceeds from disposal of a subsidiary and a joint venture	32	**10**	–
Interest received		**41**	183
Net cash from/(used in) investing activities		**2,092**	(10,983)
Cash flows from financing activities			
Proceeds from new bank borrowings	37(b)	**–**	38,950
Repayment of bank borrowings	37(b)	**(12,602)**	(29,909)
Interest paid on bank borrowings		**(3,003)**	(3,584)
Capital element of lease rentals paid	37(b)	**(64,722)**	(67,398)
Interest element of lease rentals paid	37(b)	**(2,678)**	(1,704)
Dividends paid	11	**(8,157)**	(21,753)
Net cash used in financing activities		**(91,162)**	(85,398)
Net increase/(decrease) in cash and cash equivalents		**26,339**	(11,566)
Cash and cash equivalents at the beginning of the year		**21,263**	32,829
Cash and cash equivalents at the end of the year, represented by bank balances and cash	24	**47,602**	21,263

The notes on pages 60 to 111 are an integral part of these consolidated financial statements.

For the year ended 31 March 2021

1. GENERAL INFORMATION

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

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

These consolidated financial statements for the year ended 31 March 2021 were approved for issue by the board of directors on 29 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group in light of the fact that, as of 31 March 2021, the Group's current liabilities exceeded its current assets by HK$42,431,000. The directors are of the opinion that the Group will have sufficient working capital to finance its operations and continue as a going concern given that: (i) the Group had strong and positive net cash inflow from operating activities and bank balances and cash of HK$47,602,000 as at 31 March 2021 which enable the Group to meet its payment obligations at all times; (ii) as at 31 March 2021, the Group had undrawn facilities totalling HK$67,300,000 which were the overdraft and the revolving loan facilities granted by the banks; and (iii) the management has prepared cash flow forecasts which demonstrated that the Group had sufficient working capital over the next twelve months from the reporting date. After taking into account the above, the consolidated financial statements have been prepared on a going concern basis.

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

For the year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation

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

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

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

2.3 Subsidiaries

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment losses unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post acquisition profits are recognised in the Company's income statement.

2.4 Joint venture

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Joint venture (Continued)

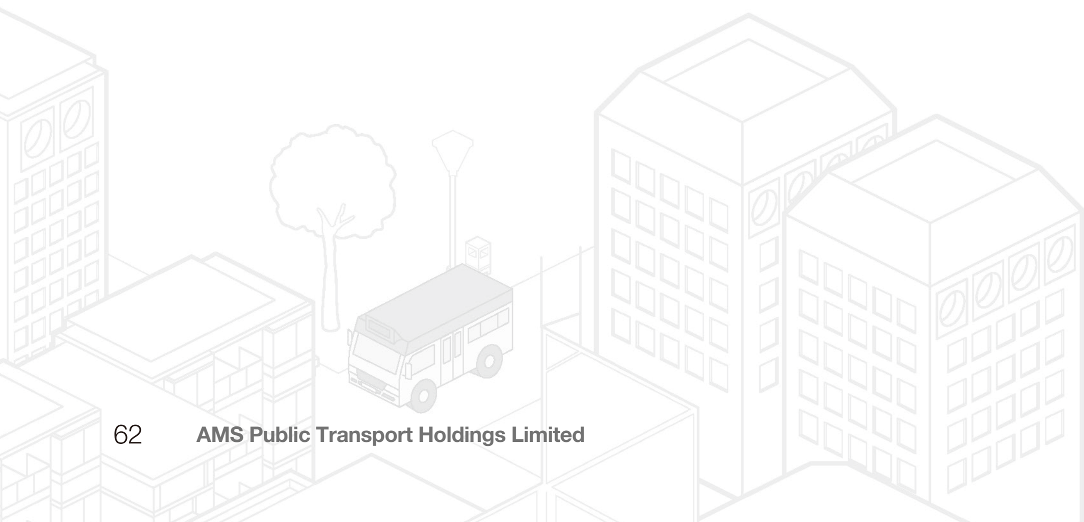
Under the equity method, the Group's interest in the joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the joint venture's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that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

Where the joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the joint venture's accounting policies to those of the Group when the joint venture's financial statements are used by the Group in applying the equity method.

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

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

The Group discontinues the use of equity method from the date when it ceases to have joint control over a joint venture. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the consolidated income statement.



For the year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

2.6 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost. They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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

Land and buildings	Over the shorter of lease term or 50 years
Leasehold improvements	Over the shorter of lease term or 5 years
Furniture, fixtures and equipment	3-5 years
PLBs and public buses	10 years
Motor vehicles	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

2.7 Investment property

Investment property is land and/or buildings which is owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

On initial recognition, investment property is measured at cost, and subsequently stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided to write off the cost using the straight-line method over the shorter of their estimated useful lives of 50 years and the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 PLB licences and public bus licences

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

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

Public bus licences acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated impairment losses.

The PLB licences and public bus licences are issued under section 21 of the Road Traffic (Registration and Licensing of Vehicles) Regulations and should be renewed every 12 months. There are certain grounds on which the Commissioner of Transport may refuse to licence or cancel the licence of a registered motor vehicle under section 25 of Road Traffic Ordinance, including if (i) by reason of its design or construction, or any adaptation or the condition thereof, the vehicle or any equipment thereof does not comply with the Road Traffic Ordinance or the vehicle design standards; (ii) the registered owner of the vehicle fails to have the vehicle tested at a specified vehicle emission testing centre when required; (iii) a vehicle examination order in respect of the vehicle has not been complied with; (iv) the vehicle is found to be not roadworthy; (v) no valid insurance in respect of third party risks is in force in respect of the vehicle; and (vi) no passenger service licence is in force in respect of the vehicle which is registered as a PLB or public bus. Nevertheless, based on the past experience of the Group and the usual practice of the industry, the directors consider that the Group is able to fulfill and satisfy all the conditions necessary to obtain renewal without significant cost of renewal.

Therefore, PLB licences and public bus licences of the Group are regarded by the directors as having indefinite useful lives because there is no foreseeable limit to the period over which the PLB licences and public bus licences are expected to generate net cash inflows for the Group. The useful lives of PLB licence and public bus licences are reviewed, and adjusted if appropriate, at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Goodwill

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

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in consolidated income statement as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment (see note 2.17).

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

2.10 Financial instruments

Recognition and derecognition

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

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

Financial assets

Classification and initial measurement of financial assets

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

Financial assets are classified into the following categories:

– at amortised cost;

– FVTPL; or

– fair value through other comprehensive income ("FVOCI").

The classification is determined by both:

– the entity's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial liabilities

Classification and measurement of financial liabilities

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

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

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised costs using the effective interest method.

All interest-related charges are included within finance costs.

Accounting policies of lease liabilities are set out in note 2.13.

Bank borrowings

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

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

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

For the year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

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

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

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

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

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

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

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

Trade receivables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost

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

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

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 38.6.

Financial guarantee contracts

For a financial guarantee contract, the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Cash and cash equivalents

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

2.13 Leases

(a) Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Leases (Continued)

(a) Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The Group remeasures lease liabilities whenever the lease payments change due to changes in prime lending rate, in which cases the related lease liabilities are remeasured by discounting the revised lease payments using the initial discount rate.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases, except for PLB leases, using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in consolidated income statement on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

(b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group earns rental income from operating lease of its investment property and income from advertising on PLBs which are recognised on a straight-line basis over the term of the leases.

2.14 Share capital

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

Any transaction costs associated with the issuing of shares are deducted from equity to the extent they are incremental costs directly attributable to the equity transaction.

For the year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition

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

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

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

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

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

Further details of the Group's revenue and other income recognition policies are as follows:

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

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

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

Accounting policies for rental income are set out in note 2.13.

2.16 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to assets and those not directly attributable to any specific asset or expense is present in gross under "Other revenue" and government grants related to income is presented in gross under "Other net income" in the consolidated income statement, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, investment property, PLB licences, public bus licences, goodwill, interest in a joint venture, the Company's interest in subsidiaries are subject to impairment testing.

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

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

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

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

For the year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance since December 2000, for all of its employees who are eligible to participate in the MPF Scheme. Prior to that, the Group ran a defined contribution scheme ("ORSO Plan") which was registered under the Occupational Retirement Schemes Ordinance ("ORSO") and ceased since the commencement of the MPF Scheme. No contributions forfeited by employees leaving the Group's MPF Scheme and ORSO Plan are utilised to offset contributions.

The Group, as employers, and the employees are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income to the MPF scheme, subject to a cap of monthly relevant income of HK$30,000. Contributions made by the Group are recognised as an expense in the consolidated income statement. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

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

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

Share-based compensation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Borrowing costs

Borrowing costs are recognised in profit or loss in which they are incurred.

2.20 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

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

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

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

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

For the year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Accounting for income taxes (Continued)

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

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

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

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

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

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

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

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

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

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

  (i) the same taxable entity; or

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

2.21 Financial guarantee issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in consolidated income statement on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.11 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Provisions

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

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

2.23 Segment reporting

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

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

2.24 Related parties

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

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

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

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

For the year ended 31 March 2021

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on or after 1 April 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of a Material

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

Issued but not yet effective HKFRSs

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

HKFRS 17	Insurance Contracts and related amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[6]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[7]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendment to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[5]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective date not yet determined
5 Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022
6 Effective for annual periods beginning on or after 1 June 2020
7 Effective for annual periods beginning on or after 1 April 2021

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Estimation uncertainty

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

Estimation of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.17. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions as stated in note 22. These estimates and assumptions relate to future events and circumstances and the actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. As at 31 March 2021, the net carrying amount of goodwill is HK$22,918,000 (2020: HK$22,918,000). No impairment was provided during the years ended 31 March 2021 and 2020.

Estimation of fair value of PLB licences

The PLB licences were revalued on an open market basis on 31 March 2021 by independent qualified valuers with reference to recent market-quoted prices. As described in note 18, the estimation of fair value also includes assumptions such as government policies for PLB businesses remained unchanged and continuous existence of an open market for PLB licences. The fair value of PLB licences was HK$129,690,000 as at 31 March 2021 (2020: HK$150,480,000).

Estimation of impairment of public bus licences

The Group tests annually whether public bus licences have suffered any impairment in accordance with the accounting policy stated in note 2.17. The recoverable amount has been determined based on the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use calculations. These calculations require the use of estimates as stated in note 19. As at 31 March 2021, the net carrying amount of public bus licences is HK$10,050,000 (2020: HK$14,784,000). The impairment loss provided for public bus licences for the year ended 31 March 2021 was HK$4,734,000 (2020: HK$400,000).

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Estimation uncertainty (Continued)

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

The Group makes allowances on items subjects to ECL (including trade and other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 2.11. As at 31 March 2021, the carrying amounts of trade and other receivables was HK$7,066,000 (net of ECL allowance) (2020: HK$6,787,000 (net of ECL allowance)).

Where the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and other receivables within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

Estimation of impairment of right-of-use assets

The Group tests whether right-of-use assets have suffered any impairment in accordance with the accounting policy stated in note 2.17. The recoverable amount has been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenue and profits which relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of right-of-use assets within the next financial year. As at 31 March 2021, the net carrying amount of right-of-use assets is HK$153,656,000 (2020: HK$34,029,000). No impairment was provided for the years ended 31 March 2021 and 2020.

4.2 Critical accounting judgements

Useful lives of PLB licences and public bus licences

The PLB licences and public bus licences are considered by the directors as having indefinite useful lives because they are expected to generate net cash inflows to the Group indefinitely. Taking into account the current regulatory environment, past experience and usual practice of the public transport industry, the directors are of the opinion that the Group is able to renew the PLB licences and public bus licences continuously at minimal cost and therefore there is no foreseeable limit to the period over which the PLB licences and public bus licences are expected to generate net cash inflows to the Group. The management reviews the estimated useful lives of PLB licences and public bus licences at each reporting date.

The useful lives of PLB licences and public bus licences could change as a result of change in practice of the public transport industry and regulatory environment. When the actual useful lives of PLB licences and public bus licences are different from the original estimated useful lives, such difference will impact the amortisation charge and the carrying amounts of the assets. The carrying amounts of the PLB licences and public bus licences with indefinite useful lives were HK$129,690,000 (2020: HK$150,480,000) and HK$10,050,000 (2020: HK$14,784,000) respectively at 31 March 2021.

Determination of the lease term in lease contracts

As explained in note 2.13, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term, management considers all facts and circumstances and evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including the terms and the importance of that underlying asset to the Group's operation. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

During the years ended 31 March 2021 and 2020, extension options in respect of PLB leases have been included in the lease liabilities because the leased underlying assets are critical to the Group's operation.

For the year ended 31 March 2021

5. SEGMENT INFORMATION

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

There was no individual customer contributed over 10% of the Group's revenue for the years ended 31 March 2021 and 2020.

6. REVENUE

The Group is principally engaged in provision of the franchised PLB and residents' bus services in Hong Kong.

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Franchised PLB services income	**297,658**	358,100
Residents' bus services income	**5,708**	6,977
	303,366	365,077

The Group derived all the revenue from provision of the franchised PLB and residents' bus services at a point in time during the years ended 31 March 2021 and 2020.

7. OTHER REVENUE AND OTHER NET INCOME

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Other revenue		
Advertising income	**4,400**	4,400
Government subsidies (note i)	**–**	3,432
Administration fee income	**2,419**	2,435
Management fee income	**190**	190
Interest income	**41**	183
Property rental income	**42**	–
Repair and maintenance service income	**12**	41
	7,104	10,681
Other net income		
Government subsidies (note ii)	**58,309**	–
Gain on disposal of property, plant and equipment	**41**	83
Sundry income	**157**	28
	58,507	111

For the year ended 31 March 2021

7. OTHER REVENUE AND OTHER NET INCOME (Continued)

Notes:

(i) During the year ended 31 March 2020, the Group was entitled to receive subsidies of HK$3,432,000 under the Government of HKSAR's Ex-gratia Payment Scheme ("EP Scheme") for the disposal of certain pre-Euro IV diesel commercial vehicles (the "Disposal"). The government subsidies to the Group were recognised as income in the consolidated income statement during the year of the Disposal and when the conditions under the EP Scheme were complied with.

(ii) During the year ended 31 March 2021, the Group received subsidies of HK$58,309,000 which included wage and fuel subsidies, and a one-off subsidy amounting to HK$10,620,000 to green minibus passenger service operators, under the Anti-epidemic Fund set up by the Hong Kong Government as a result of the outbreak of COVID-19. As at 31 March 2021, the Government subsidies recognised but not yet received were HK$1,322,000 (note 23). There are no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

8. FINANCE COSTS

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Interest expenses on bank borrowings	**3,003**	3,584
Finance charges on lease liabilities	**2,678**	1,704
	5,681	5,288

9. PROFIT/(LOSS) BEFORE INCOME TAX

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Profit/(Loss) before income tax is arrived at after charging/(crediting):		
Fuel cost in direct costs	**40,983**	50,684
Lease charges		
– Short term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16 as at 1 April 2019	**76**	67
Depreciation of right-of-use assets	**65,067**	67,560
Depreciation of property, plant and equipment	**5,363**	4,880
Depreciation of investment property	**3**	–
Auditor's remuneration		
– Audit services	**555**	560
– Non-audit services	**84**	84
Gain on disposal of property, plant and equipment	**(41)**	(83)

For the year ended 31 March 2021

10. INCOME TAX CREDIT/(EXPENSE)

Hong Kong Profits Tax had been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the year, except for a subsidiary of the Group which was a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Current tax		
– Hong Kong Profits Tax		
Current year	**(455)**	(1,310)
Overprovision in respect of prior years	**138**	197
	(317)	(1,113)
Deferred tax		
Current year (note 33)	**2,820**	(599)
Total income tax credit/(expense)	**2,503**	(1,712)

Reconciliation between income tax credit/(expense) and accounting profit/(loss) at applicable tax rate:

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Profit/(Loss) before income tax	**19,318**	(34,661)
Tax at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**(3,187)**	5,719
Tax effect of two-tiered tax regime	**165**	165
Tax effect of non-deductible expenses	**(4,331)**	(7,926)
Tax effect of non-taxable revenue	**9,671**	137
Tax effect of tax losses not recognised	**(3)**	(4)
Tax concession	**50**	–
Overprovision in respect of prior years	**138**	197
Income tax credit/(expense)	**2,503**	(1,712)

For the year ended 31 March 2021

11. DIVIDENDS

Dividends attributable to the year

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Proposed final dividend of HK7.0 cents (2020: Nil) per ordinary share	**19,034**	–
Proposed special dividend of HK3.0 cents per ordinary share	**–**	8,157
	19,034	8,157

The final dividend attributable to the year proposed after the reporting date has not been recognised as a liability at the reporting date, but reflected as an appropriation for the year ended 31 March 2021. No final dividend was declared for the year ended 31 March 2020.

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

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Special dividend of HK3.0 cents (2020: HK8.0 cents) per ordinary share in respect of the previous financial year	**8,157**	21,753

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK$21,821,000 (2020: loss of HK$36,373,000) and on the weighted average number of 271,913,000 (2020: 271,913,000) ordinary shares in issue during the year ended 31 March 2021.

(b) Diluted earnings/(loss) per share

Diluted earnings per share is the same as basic earnings per share for the year ended 31 March 2021, as the share options had no dilutive effect on ordinary shares for the year because the exercise price of the Company's share options was higher than the average market price of the Company's share in the year.

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2020. 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 was not taken into account as they had anti-dilutive effects.

13. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Salaries, allowances and benefits	**170,774**	192,513
Contributions to defined contribution plans	**5,436**	6,203
	176,210	198,716

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

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

		Other emoluments			
	Fees HK$'000	Salaries, allowances and benefits HK$'000	Discretionary bonuses HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
For the year ended 31 March 2021					
Executive directors					
Mr. Wong Ling Sun, Vincent	**960**	**80**	**100**	**18**	**1,158**
Ms. Ng Sui Chun	**840**	**70**	**100**	**–**	**1,010**
Mr. Chan Man Chun (note (iii))	**372**	**3,950**	**–**	**36**	**4,358**
Ms. Wong Wai Sum, Maya	**780**	**65**	**100**	**18**	**963**
Non-executive director					
Ms. Wong Wai Man, Vivian	**336**	**–**	**–**	**–**	**336**
Independent non-executive directors					
Dr. Chan Yuen Tak Fai, Dorothy	**384**	**–**	**–**	**–**	**384**
Dr. Lee Peng Fei, Allen (note (iv))	**64**	**–**	**–**	**–**	**64**
Mr. Kwong Ki Chi	**384**	**–**	**–**	**–**	**384**
Mr. James Mathew Fong (note (iv))	**235**	**–**	**–**	**–**	**235**
Total	**4,355**	**4,165**	**300**	**72**	**8,892**
For the year ended 31 March 2020					
Executive directors					
Mr. Wong Ling Sun, Vincent	960	80	100	18	1,158
Ms. Ng Sui Chun	840	70	100	–	1,010
Mr. Chan Man Chun (note (iii))	372	3,947	–	36	4,355
Ms. Wong Wai Sum, Maya	780	65	100	18	963
Non-executive director					
Ms. Wong Wai Man, Vivian	336	–	–	–	336
Independent non-executive directors					
Dr. Chan Yuen Tak Fai, Dorothy	384	–	–	–	384
Dr. Lee Peng Fei, Allen (note (iv))	384	–	–	–	384
Mr. Kwong Ki Chi	384	–	–	–	384
Total	4,440	4,162	300	72	8,974

Notes:

(i) None of the directors had waived or agreed to waive the right to receive their emoluments for the years ended 31 March 2021 and 2020.

(ii) No emolument was paid by the Group to any directors as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2021 and 2020.

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

(iv) Mr. James Mathew Fong was appointed as independent non-executive director on 19 June 2020 to fill the vacancy after the passing away of Dr. Lee Peng Fei, Allen.

For the year ended 31 March 2021

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

(b) Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group for the year included three (2020: three) directors whose emoluments are reflected in the analysis presented above. The aggregate emoluments payable to the remaining two (2020: two) individuals, who were the members of the senior management during the year are as follows:

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Salaries, allowances and benefits	**1,949**	1,941
Discretionary bonuses	**381**	381
Contributions to retirement benefits schemes	**36**	36
	2,366	2,358

The emoluments of these two (2020: two) individuals fell within the following bands:

	Number of individuals Year ended 31 March	
	2021	2020
Emolument bands:		
HK$1,000,001 – HK$1,500,000	**2**	2

(c) Emoluments of senior management

Other than the emoluments of the five highest paid individuals, which included two (2020: two) member of the senior management, disclosed in note 14(b), the emoluments of the remaining member of the senior management for the year fell within the following band:

	Number of individuals Year ended 31 March	
	2021	2020
Emolument bands:		
Nil – HK$1,000,000	**1**	1

For the year ended 31 March 2021

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	PLBs and public buses HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
As at 1 April 2020	**18,547**	**7,676**	**8,001**	**39,575**	**5,971**	**79,770**
Additions	**–**	**17**	**378**	**–**	**205**	**600**
Transfer to investment property (note 16)	**(144)**	**–**	**–**	**–**	**–**	**(144)**
Disposals	**–**	**–**	**(438)**	**–**	**(679)**	**(1,117)**
As at 31 March 2021	**18,403**	**7,693**	**7,941**	**39,575**	**5,497**	**79,109**
Accumulated depreciation						
As at 1 April 2020	**9,501**	**6,737**	**6,252**	**12,043**	**3,174**	**37,707**
Charge for the year	**487**	**304**	**555**	**3,459**	**558**	**5,363**
Transfer to investment property (note 16)	**(90)**	**–**	**–**	**–**	**–**	**(90)**
Disposals	**–**	**–**	**(438)**	**–**	**(679)**	**(1,117)**
As at 31 March 2021	**9,898**	**7,041**	**6,369**	**15,502**	**3,053**	**41,863**
Net book value						
As at 31 March 2021	**8,505**	**652**	**1,572**	**24,073**	**2,444**	**37,246**
Cost						
As at 1 April 2019	18,547	7,353	7,205	28,759	5,446	67,310
Additions	–	323	1,203	13,593	1,038	16,157
Disposals	–	–	(407)	(2,777)	(513)	(3,697)
As at 31 March 2020	18,547	7,676	8,001	39,575	5,971	79,770
Accumulated depreciation						
As at 1 April 2019	9,012	6,446	6,134	11,661	3,111	36,364
Charge for the year	489	291	525	3,076	499	4,880
Disposals	–	–	(407)	(2,694)	(436)	(3,537)
As at 31 March 2020	9,501	6,737	6,252	12,043	3,174	37,707
Net book value						
As at 31 March 2020	9,046	939	1,749	27,532	2,797	42,063

The net book value of property, plant and equipment pledged as security for the Group's banking facilities (note 28) is as follows:

	Land and buildings HK$'000	PLBs HK$'000	Total HK$'000
At 31 March 2021	**4,486**	**15,410**	**19,896**
At 31 March 2020	4,782	17,446	22,228

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16. INVESTMENT PROPERTY

	2021 HK$'000	2020 HK$'000
Cost		
At 1 April	–	–
Transferred from property, plant and equipment (note 15)	54	–
At 31 March	54	–
Accumulated depreciation		
At 1 April	–	–
Charged for the year	3	–
At 31 March	3	–
Net book value		
At 31 March	51	–

The investment property represents Store 1, 9/F, Block II, Kingley Industrial Building located in Hong Kong, which was transferred from self-occupied property to earn rental income in June 2020. As at 31 March 2021, the fair value of the investment property as determined by the directors of the Company by reference to the market value of the properties located in same building amounted to HK$1,968,000.

17. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements in respect of PLBs during the year are as follows:

	HK$'000
At 1 April 2019	94,633
Additions	6,956
Depreciation	(67,560)
At 31 March 2020	34,029
Additions	184,694
Depreciation	(65,067)
At 31 March 2021	**153,656**

Majority of the leases of PLBs were entered into with related parties. Details of the lease payments paid to and lease liabilities due to related parties are set out in notes 36(b) and 36(c).

Details of the leases are set out in note 27.

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18. PLB LICENCES

	As at 31 March	
	2021 **HK$'000**	2020 HK$'000
At the beginning of the year	**150,480**	198,000
Deficit on revaluation charged to the consolidated income statement	**(20,790)**	(47,120)
Deficit on revaluation dealt with in revaluation reserve	**–**	(400)
At the end of the year	**129,690**	150,480

PLB licenses are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Group.

The carrying amount of PLB licences at the reporting date would have been HK$129,690,000 (2020: HK$150,480,000) had they been stated at cost less accumulated impairment losses.

As at 31 March 2021, certain PLB licences with an aggregate carrying amount of HK$86,460,000 (2020: HK$100,320,000) were pledged as security for the Group's banking facilities (note 28).

Fair value hierarchy

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

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Recurring fair value measurement of PLB licences:				
As at 31 March 2021	**–**	**129,690**	**–**	**129,690**
As at 31 March 2020	–	150,480	–	150,480

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18. PLB LICENCES (Continued)

Fair value hierarchy (Continued)

During the years ended 31 March 2021 and 2020, there were no transfers between Level 1 and Level 2.

At 31 March 2021 and 2020, the PLB licences were revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuer. The fair value of PLB licences was determined using the market approach with reference to the average of recent market-quoted prices from different market dealers. The key assumptions under such approach included the continuous existence of an open market for PLB licences and the status quo of the trends, market conditions and government policies for PLB industry. The assumptions made were based on past performance and expectations on the market development.

19. PUBLIC BUS LICENCES

	As at 31 March	
	2021 HK$'000	2020 HK$'000
At the beginning of the year		
Gross carrying amount	**17,284**	17,284
Accumulated impairment	**(2,500)**	(2,100)
	14,784	15,184
Net carrying amount		
At the beginning of the year	**14,784**	15,184
Provision for impairment	**(4,734)**	(400)
At the end of the year	**10,050**	14,784
At the end of the year		
Gross carrying amount	**17,284**	17,284
Accumulated impairment	**(7,234)**	(2,500)
	10,050	14,784

Public bus licenses are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Group and are stated in the consolidated statement of financial position at cost less accumulated impairment losses.

The recoverable amount of the public bus licences is determined based on the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use calculation. The fair value of the public bus licences is determined using comparable transactions method under market approach with reference to the transaction prices of comparable completed market transactions. Value-in-use calculation uses cash flow projections based on financial budgets covering a 5-year period. Assuming that the government policies for the public bus industry remain unchanged, the management determines the key assumptions including budgeted cash flow projections based on past performance, the general price inflation in Hong Kong and the management's expectation on market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The key assumptions used for value-in-use calculations are as follows:

For the year ended 31 March 2021

19. PUBLIC BUS LICENCES (Continued)

	As at 31 March	
	2021	2020
Growth rate	**2.0%**	2.0%
Discount rate	**10.9%**	8.7%

Note: The discount rate is pre-tax and reflects specific risks relating to the industry.

As at 31 March 2021, the Group owned eight (2020: eight) public bus licences, of which six (2020: two) of them were impaired. The carrying amounts of these six (2020: two) public bus licences were HK$14,784,000 (2020: HK$5,900,000) while their recoverable amounts were HK$10,050,000 (2020: HK$5,500,000), resulting to an impairment loss of HK$4,734,000 (2020: HK$400,000) charged to the consolidated income statement for the year ended 31 March 2021.

20. INTEREST IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2021 and 2020 are as follows:

Name of the company	Place of incorporation	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company	Principal activities and place of operation
Interest directly held:				
Gurnard Holdings Limited	The British Virgin Islands	US$10,000	100% (2020: 100%)	Investment holding in Hong Kong
Celestial Giant Limited (Note)	The British Virgin Islands	US$100	Nil (2020: 100%)	Investment holding in Hong Kong
Interest indirectly held:				
Aberdeen Maxicab Service Company Limited	Hong Kong	HK$100	100% (2020: 100%)	Provision of franchised PLB transportation services and hiring of PLBs in Hong Kong
Capital Star Holdings Limited	Hong Kong	HK$10,000	100% (2020: 100%)	Provision of franchised PLB transportation services in Hong Kong
Central Maxicab Limited	Hong Kong	HK$1,600	100% (2020: 100%)	Provision of franchised PLB transportation services and hiring of PLBs in Hong Kong
Fastlink Transportation Limited	Hong Kong	HK$5	100% (2020: 100%)	Provision of franchised PLB transportation services in Hong Kong

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20. INTEREST IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company	Principal activities and place of operation
Interest indirectly held:				
Hong Kong Maxicab Limited	Hong Kong	HK$11,000	100% (2020: 100%)	Provision of franchised PLB transportation services and hiring of PLBs in Hong Kong
Kit Kee Transport Company Limited	Hong Kong	HK$100	100% (2020: 100%)	Provision of franchised PLB transportation services in Hong Kong
Sunning Transportation Limited	Hong Kong	HK$10,000	100% (2020: 100%)	Provision of franchised PLB transportation services in Hong Kong
Superlong Limited	Hong Kong	HK$10,000	100% (2020: 100%)	Provision of franchised PLB transportation services and hiring of PLBs in Hong Kong
Southern District Motor Service Centre Limited	Hong Kong	HK$300,000	100% (2020: 100%)	Provision of repair and maintenance services for PLBs in Hong Kong
Tai Po (Fixed Route) Public Light Bus Co. Limited	Hong Kong	HK$32,000	100% (2020: 100%)	Provision of franchised PLB transportation services in Hong Kong
Eastern International Transport Engineering Limited	Hong Kong	HK$5	100% (2020: 100%)	Hiring of PLBs in Hong Kong
Global Win Transportation Limited	Hong Kong	HK$2	100% (2020: 100%)	Hiring of PLBs in Hong Kong

Note: Celestial Giant Limited was disposed of during the year ended 31 March 2021 (note 32) and therefore, it was no longer a subsidiary of the Company as at 31 March 2021.

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

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Cost of investment	–	–*
Share of post-acquisition profits and other comprehensive income	–	1,348
	–	1,348
Amount due from a joint venture	–	1,000

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

The amount due from a joint venture was fully repaid as at 31 March 2021.

On 18 June 2020, the Company entered into a sales and purchase agreement with an independent third party to dispose of the Group's entire interest in Celestial Giant Limited, a wholly-owned subsidiary of the Group together with its 50% interest in the joint venture, Starnet Media Group Company Limited ("Starnet"), at a cash consideration of approximately HK$9,500 (note 32).

As at 31 March 2020, details of the Group's interest in joint venture which was an unlisted corporate entity whose quoted market price was not available, are as follows:

Name of joint venture	Place of incorporation	Particulars of issued and paid up capital	Percentage of ownership interest held	Principal activities
Starnet	The British Virgin Islands	HK$10	50%	Provision of outdoor advertising service

Starnet has a reporting date of 31 March.

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

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

	As at 31 March 2020 HK$'000
Current assets	9,105
Non-current assets	223
Current liabilities	(5,687)
Non-current liabilities	(946)
Net assets	2,695
Included in the above assets and liabilities:	
Bank balances and cash	5,430
Current financial liabilities (excluding trade and other payables and provisions)	(2,544)
Non-current financial liabilities (excluding trade and other payables and provisions)	(946)

	Period from 1 April to 18 June 2021 HK$'000	Year ended 31 March 2020 HK$'000
Revenue	**2,426**	12,932
Interest income	**–**	3
Interest expenses	**(9)**	(20)
Depreciation	**(100)**	(217)
Other expenses	**(1,725)**	(11,156)
	592	1,542
Interest tax expenses	**(68)**	(341)
Profit and total comprehensive income for the year	**524**	1,201
Dividends received from a joint venture	**1,600**	–
Reconciled to the Group's interest in a joint venture		
Net assets of the joint venture		2,695
Proportion of ownership interests held by Group		50%
Carrying amount of the investments in the joint venture in the consolidated financial statements		1,348

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

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22. GOODWILL

	As at 31 March	
	2021 HK$'000	2020 HK$'000
At the beginning of the year		
Gross carrying amount	**82,056**	82,056
Accumulated impairment	**(59,138)**	(59,138)
Net carrying amount	**22,918**	22,918
Net carrying amount at the beginning and at the end of the year	**22,918**	22,918
At the end of the year		
Gross carrying amount	**82,056**	82,056
Accumulated impairment	**(59,138)**	(59,138)
Net carrying amount	**22,918**	22,918

As at 31 March 2021 and 2020, the carrying amounts of goodwill, net of any impairment loss, were allocated to four CGUs of franchised PLB services according to their separate operating rights per below:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Operating rights of franchised PLB services:		
PLB routes 54, 54M, 55	**13,800**	13,800
PLB routes 20A, 20B, 20C, 20K, 23K	**4,950**	4,950
PLB route 52	**2,250**	2,250
PLB routes 51, 51S	**1,918**	1,918
	22,918	22,918

The recoverable amounts of the CGUs are determined based on value-in-use calculation. The value-in-use calculation uses cash flow projections based on the financial budgets covering a five-year period. Assuming that the government policies for PLB industry remain unchanged, the management determines the key assumptions including budgeted revenues, fuel costs, staff costs and other operating costs based on past performance of the CGUs, the general price inflation in Hong Kong and the management's expectation on market development. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are as follows:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Gross margin (average of 5-year budget)	**11% to 17%**	7% to 18%
Net margin (average of 5-year budget)	**4% to 11%**	4% to 14%
Growth rate	**2.0%**	2.0%
Discount rate (note)	**10.9%**	11.0% to 11.2%

Note: The discount rate is pre-tax and derived by reference to the Capital Asset Pricing Model plus a risk premium reflecting specific risks relating to the industry and CGUs.

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22. GOODWILL (Continued)

As at 31 March 2021 and 2020, the recoverable amounts of the CGUs were higher than their carrying amounts, and hence no impairment loss was recognised.

Details of the headroom (recoverable amount less the carrying amount of the CGUs) attributable to four CGUs as at 31 March 2021 and 2020 are set out as follows:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Operating rights of franchised PLB service:		
PLB routes 54, 54M, 55	**10,637**	7,733
PLB routes 20A, 20B, 20C, 20K, 23K	**30,813**	17,677
PLB route 52	**17,289**	23,510
PLB routes 51, 51S	**21,977**	24,381

The management believes that any reasonably possible changes in the key assumptions would not cause the carrying amounts of the CGUs to exceed the recoverable amounts of the CGUs as at 31 March 2021 and 2020.

23. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Trade receivables – gross	**1,825**	1,827
Less: ECL allowance	**–**	–
Trade receivables – net	**1,825**	1,827
Other receivables – gross	**2,698**	3,829
Subsidy receivable – gross	**1,322**	–
Less: ECL allowance	**–**	–
Other receivables – net	**4,020**	3,829
Deposits	**1,221**	1,131
Prepayments	**5,789**	2,202
	12,855	8,989

Other receivables mainly included insurance claims receivable.

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 mainly 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. During the year, the Group normally granted a credit term ranging from 0 to 30 days (2020: 0 to 30 days) to other trade debtors.

23. TRADE AND OTHER RECEIVABLES (Continued)

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

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
0 to 30 days	**1,396**	1,036
31 to 60 days	**261**	273
61 to 90 days	**168**	273
Over 90 days	**–**	245
	1,825	1,827

24. BANK BALANCES AND CASH

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Cash at bank and in hand	**27,602**	21,263
Short-term bank deposits	**20,000**	–
	47,602	21,263

As at 31 March 2021, the interest rate on short-term bank deposits was 0.3% per annum. These deposits had an original maturity of one month.

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

25. TRADE AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Trade payables	**3,888**	3,968
Other payables and accruals	**29,195**	30,613
	33,083	34,581

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25. TRADE AND OTHER PAYABLES (Continued)

During the year, the Group was granted by its suppliers credit periods ranging from 0 to 30 days (2020: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
0 to 30 days	**3,888**	3,968

Other payable mainly included accrued salaries and bonus, provision for unused annual leave and staff benefits.

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

26. BANK BORROWINGS

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Secured:		
Current	**10,462**	15,258
Non-current	**135,644**	143,450
	146,106	158,708

As at 31 March 2021 and 2020, the Group's bank borrowings were repayable as follows:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Carrying amount repayable (note)		
Within one year	**10,462**	15,258
In the second year	**10,897**	10,425
In the third to fifth years	**46,969**	30,350
After the fifth year	**77,778**	102,675
	146,106	158,708
Less: Amounts shown under current liabilities	**(10,462)**	(15,258)
Amounts shown under non-current liabilities	**135,644**	143,450

Note: The amounts are based on the scheduled repayment dates as set out in the loan agreements.

During the year, the interest rates were principally on a floating rate basis and range from 1.22% to 2.25% (2020: 2.02% to 3.31%) per annum.

The bank borrowings were secured by certain assets of the Group and guarantee provided by the Company as set out in note 28.

27. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Total minimum lease payments:		
Due within one year	**64,358**	34,377
Due in the second to fifth years	**95,426**	–
	159,784	34,377
Future finance charges on lease liabilities	**(5,621)**	(186)
Present value of lease liabilities	**154,163**	34,191
Present value of minimum lease payments:		
Due within one year	**60,732**	34,191
Due in the second to fifth years	**93,431**	–
	154,163	34,191
Less: Portion due within one year included under current liabilities	**(60,732)**	(34,191)
Portion due after one year included under non-current liabilities	**93,431**	–

As at 31 March 2021, the Group recognised lease liabilities in relation to the leases of PLBs with a fixed monthly rent for a period of 1 month to 3 years amounting to HK$154,163,000 (2020: HK$34,191,000).

During the year ended 31 March 2021, the total cash outflows for all leases were HK$67,476,000 (2020: HK$69,169,000).

Majority of the leases of PLBs were entered into with related parties. Details of the lease payments paid to and lease liabilities due to related parties are set out in note 36(b).

28. BANKING FACILITIES

As at 31 March 2021, the Group had banking facilities totalling HK$213,406,000 (2020: HK$206,008,000) of which approximately HK$146,106,000 (2020: HK$158,708,000) were utilised. These facilities were secured by:

(i) pledge of certain property, plant and equipment of the Group with net book value of HK$19,896,000 (2020: HK$22,228,000) (note 15);

(ii) pledge of certain PLB licences with carrying amount of HK$86,460,000 (2020: HK$100,320,000) (note 18); and

(iii) guarantee provided by the Company of HK$301,785,000 (2020: HK$304,980,000) (note 31).

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29. SHARE CAPITAL

	As at 31 March			
	2021		2020	
	Number in thousand	HK$'000	Number in thousand	HK$'000
Authorised: Ordinary shares of HK$0.10 each	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid: Ordinary shares of HK$0.10 each	**271,913**	**27,191**	271,913	27,191

30. SHARE-BASED COMPENSATION

On 30 August 2013, the Company terminated the share option scheme adopted on 22 March 2004 (the "2004 Scheme") and adopted a new share option scheme (the "2013 Scheme") on the same date. Pursuant to the 2013 Scheme the eligible persons may be granted options to subscribe for shares of the Company upon and subject to a maximum number of shares available for issue thereunder, which is 26,612,500, representing 10% of the issued shares of the Company as at 30 August 2013, the date of approval of the 2013 Scheme. The subscription price determined by the board of directors will be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares. All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than issuing the Company's ordinary shares.

Share options outstanding under the 2004 Scheme and the 2013 Scheme and the weighted average price are as follows:

	As at 31 March			
	2021		2020	
	Number of options	Weighted average exercise price HK$	Number of options	Weighted average exercise price HK$
At the beginning of the year and at the end of the year	**7,497,000**	**1.48**	7,497,000	1.48
Exercisable at the end of the year	**7,497,000**	**1.48**	7,497,000	1.48

Notes:

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

(ii) The weighted average remaining contractual life of the outstanding share options at the reporting date was 1.9 years (2020: 2.9 years).

(iii) No share options were exercised, lapsed or cancelled during the years ended 31 March 2021 and 2020.

For the year ended 31 March 2021

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 March 2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries (note (i))		**99,322**	99,322
Current assets			
Amounts due from subsidiaries (note (i))		**194,940**	194,456
Prepayments		**120**	120
Tax recoverable		**4**	–
Bank balances and cash		**361**	157
		195,425	194,733
Current liabilities			
Amount due to a subsidiary		**29,757**	22,579
Other payables		**1,343**	1,331
Tax payable		**–**	2
		31,100	23,912
Net current assets		**164,325**	170,821
Net assets		**263,647**	270,143
EQUITY			
Share capital	29	**27,191**	27,191
Reserves (note (ii))		**236,456**	242,952
Total equity		**263,647**	270,143

Approved and authorised for issue by the board of director on 29 June 2021.

Wong Ling Sun, Vincent	**Ng Sui Chun**
Chairman	*Director*

Notes:

(i) The Company has assessed the recoverability of the carrying value of the interest in subsidiaries and the amounts due from subsidiaries at the reporting date. The directors are of the opinion that the recoverable amounts of the interest in subsidiaries and amounts due from subsidiaries were higher than its carrying amounts as at 31 March 2021 and 2020.

For the year ended 31 March 2021

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes (Continued):

(ii) The movement of the Company's reserves is as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2020	**74,612**	**96,678**	**1,666**	**69,996**	**242,952**
Profit for the year	**–**	**–**	**–**	**1,661**	**1,661**
2020 special dividends (note 11)	**–**	**–**	**–**	**(8,157)**	**(8,157)**
As at 31 March 2021	**74,612**	**96,678**	**1,666**	**63,500**	**236,456**
As at 1 April 2019	74,612	96,678	1,666	77,641	250,597
Profit for the year	–	–	–	14,108	14,108
2019 special dividends (note 11)	–	–	–	(21,753)	(21,753)
As at 31 March 2020	74,612	96,678	1,666	69,996	242,952

As at 31 March 2021, distributable reserves of the Company amounted to HK$234,790,000 (2020: HK$241,286,000).

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

(iii) Financial guarantee contracts
As at 31 March 2021, the Company had executed corporate guarantees to secure general banking facilities granted to the subsidiaries amounted to HK$301,785,000 (2020: HK$304,980,000). Under the guarantees, the Company would be liable to pay the banks if the banks are unable to recover the bank borrowings. At the reporting date, the outstanding balance of the bank borrowings was HK$146,106,000 (2020: HK$158,708,000) and this represents the Company's maximum exposure under the guarantee contracts. No provision for the Company's obligation under the financial guarantee contracts has been made as the directors considered that the fair values of these corporate guarantees at their initial recognition and at the end of the reporting period were not significant and it was not probable that the repayment of bank borrowings would be in default.

32. DISPOSAL OF A SUBSIDIARY AND A JOINT VENTURE

On 18 June 2020, the Company entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire interest in Celestial Giant Limited, a wholly-owned subsidiary of the Group together with its 50% interest in the joint venture, Starnet, at a cash consideration of approximately HK$9,500.

Analysis of assets and liabilities over which control was lost

	HK$'000
Interest in a joint venture	10
Net assets disposed of	**10**

Loss on disposal of a subsidiary

	HK$'000
Consideration received	10
Net assets disposed of	(10)
Loss on disposal of a subsidiary	**–***

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

Net cash inflow on disposal of a subsidiary

	HK$'000
Consideration received in cash	10

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33. DEFERRED TAX

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

	As at 31 March	
	2021 HK$'000	2020 HK$'000
At the beginning of the year	**1,667**	1,068
(Credited)/Charged to the consolidated income statement (note 10)	**(2,820)**	599
At the end of the year	**(1,153)**	1,667

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

	Accelerated depreciation allowance HK$'000	Tax losses HK$'000	Total HK$'000
As at 1 April 2020	**4,778**	**(3,111)**	**1,667**
Credited to the consolidated income statement	**(463)**	**(2,357)**	**(2,820)**
As at 31 March 2021	**4,315**	**(5,468)**	**(1,153)**
As at 1 April 2019	3,001	(1,933)	1,068
Charged/(Credited) to the consolidated income statement	1,777	(1,178)	599
As at 31 March 2020	4,778	(3,111)	1,667

The amounts recognised in the consolidated statement of financial position are as follows:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Deferred tax assets	**(3,399)**	(1,721)
Deferred tax liabilities	**2,246**	3,388
	(1,153)	1,667

For the year ended 31 March 2021

34. LEASE COMMITMENTS

As lessee

The lease commitments for short-term leases except for PLB leases as at 31 March 2021 and 31 March 2020 are as follows:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Within one year	**18**	12

As at 31 March 2021 and 2020, the Group had entered into leases of property which ran for a period of 3 months.

As lessor

As at 31 March 2021 and 2020, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Investment property rental income As at 31 March		Advertising income As at 31 March	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Within one year	**54**	–	**2,250**	2,200
In the second to fifth years	**66**	–	**–**	–
	120	–	**2,250**	2,200

As at 31 March 2021, the operating lease arrangements in respect of investment property rental income and advertising on PLBs ran for periods of 3 years (2020: nil) and 4 years (2020: 2 years) respectively.

35. CAPITAL COMMITMENT

As at 31 March 2021 and 2020, the Group had the following capital commitment:

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Contracted but not provided for:		
– Property, plant and equipment	**14,137**	14,098

For the year ended 31 March 2021

36. RELATED PARTY TRANSACTIONS

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

(a) Key management compensation

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Salaries, allowances and benefits	**11,939**	12,004
Contributions to retirement benefits schemes	**127**	126
	12,066	12,130

(b) Related party transactions

Name of related companies	Nature of transactions	Year ended 31 March 2021 HK$'000	2020 HK$'000
Hong Kong & China Transportation Consultants Limited	PLB lease payments (note (i), (ii))	**20,744**	21,051
	Administration fee income received (note (i), (iii))	**748**	748
	Compensation for loss of PLB paid (note (i), (iv))	**–**	27
Maxson Transportation Limited	PLB lease payments (note (i), (ii))	**23,442**	24,042
	Administration fee income received (note (i), (iii))	**840**	840
Big Three Limited	PLB lease payments (note (i), (ii))	**22,748**	22,749
	Administration fee income received (note (i), (iii))	**815**	801

(c) Related party balances

Name of related companies	Financial statements items	As at 31 March 2021 HK$'000	2020 HK$'000
Hong Kong & China Transportation Consultants Limited	Lease liabilities	**48,277**	10,505
Maxson Transportation Limited	Lease liabilities	**54,104**	11,939
Big Three Limited	Lease liabilities	**51,744**	11,708

For the year ended 31 March 2021

36. RELATED PARTY TRANSACTIONS (Continued)

(c) Related party balances (Continued)

Notes:

(i) All transactions were entered into between the Group and the related companies in which Mr. Wong Ling Sun, Vincent, the director of the Company, is the director and major shareholder of the related companies. Ms. Ng Sui Chun, Ms. Wong Wai Sum, Maya and Ms. Wong Wai Man, Vivian, the directors of the Company, also have directorship and beneficial interest in some of these related companies.

(ii) For the year ended 31 March 2021, the Group had recognised an addition of right-of-use assets of HK$184,229,000 and lease liabilities of HK$184,229,000 under the minibus leasing agreement dated 26 June 2020. For the year ended 31 March 2020, the Group had recognised an addition of right-of-use assets of HK$6,956,000 and lease liabilities of HK$6,956,000 under the minibus leasing agreement dated 29 June 2017. These constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The lease payment for the year ended 31 March 2021 included interest expense on lease payment of HK$2,678,000 (2020: HK$1,704,000).

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

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

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

37. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	Year ended 31 March	
	2021 **HK$'000**	2020 HK$'000
Profit/(Loss) before income tax	**19,318**	(34,661)
Adjustments for:		
Depreciation of right-of-use assets	**65,067**	67,560
Depreciation of property, plant and equipment	**5,363**	4,880
Depreciation of investment property	**3**	–
Deficit on revaluation of PLB licences	**20,790**	47,120
Provision for impairment of public bus licences	**4,734**	400
Share of result of a joint venture	**(262)**	(601)
Interest income	**(41)**	(183)
Finance costs	**5,681**	5,288
Government subsidies for disposal of certain pre-Euro IV diesel commercial vehicles	**–**	(3,432)
Gain on disposal of property, plant and equipment	**(41)**	(83)
Operating profit before changes in working capital	**120,612**	86,288
Changes in working capital:		
Trade and other receivables	**(3,866)**	1,404
Trade and other payables	**(1,498)**	1,665
Cash generated from operations	**115,248**	89,357

For the year ended 31 March 2021

37. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Changes in liabilities arising from financing activities

	Interest payables HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 April 2020	**–**	**158,708**	**34,191**	**192,899**
Cash flows:				
Repayment of bank borrowings	**–**	**(12,602)**	**–**	**(12,602)**
Interest paid on bank borrowings	**(3,003)**	**–**	**–**	**(3,003)**
Capital element of lease rentals paid	**–**	**–**	**(64,722)**	**(64,722)**
Interest element of lease rentals paid	**–**	**–**	**(2,678)**	**(2,678)**
Non-cash:				
Entering into new leases	**–**	**–**	**184,694**	**184,694**
Interest expenses	**3,003**	**–**	**2,678**	**5,681**
As at 31 March 2021	**–**	**146,106**	**154,163**	**300,269**
As at 1 April 2019	–	149,667	94,633	244,300
Cash flows:				
Proceeds from new bank borrowings	–	38,950	–	38,950
Repayment of bank borrowings	–	(29,909)	–	(29,909)
Interest paid on bank borrowings	(3,584)	–	–	(3,584)
Capital element of lease rentals paid	–	–	(67,398)	(67,398)
Interest element of lease rentals paid	–	–	(1,704)	(1,704)
Non-cash:				
Entering into new leases	–	–	6,956	6,956
Interest expenses	3,584	–	1,704	5,288
As at 31 March 2020	–	158,708	34,191	192,899

38. FINANCIAL RISK MANAGEMENT

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

The Group's financial instruments comprise trade and other receivables, amount due from a joint venture, bank balances and cash, bank borrowings, trade and other payables and lease liabilities. The Group has not used any derivatives and other instruments for hedging purposes.

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

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

38.1 Categories of financial instruments

	As at 31 March	
	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables	**7,066**	6,787
– Amount due from a joint venture	**–**	1,000
– Bank balances and cash	**47,602**	21,263
	54,668	29,050
Financial liabilities		
Financial liabilities at amortised cost		
– Bank borrowings	**146,106**	158,708
– Trade and other payables	**33,083**	34,581
– Lease liabilities	**154,163**	34,191
	333,352	227,480

38.2 Foreign exchange risk

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

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

38.3 Fuel price risk

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could have significant effect to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the board of directors concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the years ended 31 March 2021 and 2020. The management will continue to closely monitor the changes in market condition.

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38. FINANCIAL RISK MANAGEMENT (Continued)

38.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

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

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

	Carrying amount HK$'000	Total undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	Over 1 year but within 5 years HK$'000	Over 5 years HK$'000
As at 31 March 2021					
Bank borrowings	**146,106**	**167,856**	**13,021**	**66,216**	**88,619**
Trade and other payables	**33,083**	**33,083**	**33,083**	**–**	**–**
Lease liabilities	**154,163**	**159,784**	**64,358**	**95,426**	**–**
	333,352	**360,723**	**110,462**	**161,642**	**88,619**
As at 31 March 2020					
Bank borrowings	158,708	187,437	18,938	52,435	116,064
Trade and other payables	34,581	34,581	34,581	–	–
Lease liabilities	34,191	34,377	34,377	–	–
	227,480	256,395	87,896	52,435	116,064

As at 31 March 2021, the Group had undrawn facilities totalling HK$67,300,000 (2020: HK$47,300,000) which were the overdraft and the revolving loan facilities granted by the banks.

38. FINANCIAL RISK MANAGEMENT (Continued)

38.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from its bank balances, bank borrowings and lease liabilities. As at 31 March 2021 and 2020, the Group's bank balances, bank borrowings and lease liabilities were carried on floating rate basis and were denominated in Hong Kong dollars.

As at 31 March 2021, it was estimated that if there was a decrease of 1% (2020: 1%) in interest rate, with all other variables remaining constant, the Group's consolidated equity and profit after tax would have increased by approximately HK$2,339,000 (2020: equity increased and loss after tax decreased by HK$1,610,000). The same percentage increase in interest rate would have the same magnitude on the Group's profit/loss for the year and equity but of opposite effect. The assumed changes in interest rate represent management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

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

38.6 Credit risk

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

The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 38.1 above.

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

(i) Trade receivables

The Group has applied the simplified approach to assess the ECL as prescribed by HKFRS 9. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the past due days. In calculating the ECL rates, the Group considers historical elements and forward-looking elements. Assessed lifetime ECL rate of trade receivables is minimal for all ageing bands as there was no recent history of default and continuous payments were received. The Group determined that the ECL allowance in respect of trade receivables for the years ended 31 March 2021 and 2020 was minimal as there was no significant change in credit risk.

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

For the year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (Continued)

38.6 Credit risk (Continued)

(ii) Other financial assets at amortised cost

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

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables and deposits since initial recognition as the risk of default is low after considering the factors as set out in note 2.11 and, thus, the ECL for other receivables and deposits are minimal under the 12-month ECL method.

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

39. CAPITAL MANAGEMENT

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

The Group actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors capital structure on the basis of the net debt-to-equity ratio. This ratio is calculated as net debts (total bank borrowings and lease liabilities net of cash and cash equivalents) over total equity. The Group's capital management strategy is to maintain the net debt-to-equity ratio at a healthy level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure the Group has a reasonable level of capital to support its business. The Group relies on internal resources and interest-bearing borrowings to finance the capital requirements, which is the same as prior years.

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

	As at 31 March	
	2021 **HK$'000**	2020 HK$'000
Short term bank borrowings	**10,462**	15,258
Long term bank borrowings	**135,644**	143,450
Lease liabilities	**154,163**	34,191
	300,269	192,899
Bank balances and cash	**(47,602)**	(21,263)
Net debts	**252,667**	171,636
Total equity	**83,258**	69,594
Net debt-to-equity ratio	**303%**	247%

GROUP FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**303,366**	365,077	392,924	383,797	377,663
Direct costs	**(278,411)**	(317,123)	(324,526)	(327,907)	(303,844)
Gross profit	**24,955**	47,954	68,398	55,890	73,819
Other revenue	**7,104**	10,681	8,454	7,489	8,766
Other net income/(expense)	**58,507**	111	141	(143)	373
Administrative expenses	**(38,972)**	(40,035)	(40,065)	(39,675)	(38,677)
Other operating expenses	**(1,333)**	(1,165)	(1,048)	(1,615)	(1,167)
Operating profit	**50,261**	17,546	35,880	21,946	43,114
Deficit on revaluation of PLB licences	**(20,790)**	(47,120)	(71,493)	(45,200)	(3,280)
Provision for impairment of public bus licences	**(4,734)**	(400)	–	–	–
Finance costs	**(5,681)**	(5,288)	(3,478)	(3,155)	(3,099)
Share of result of a joint venture	**262**	601	747	–	–
Profit/(Loss) before income tax	**19,318**	(34,661)	(38,344)	(26,409)	36,735
Income tax credit/(expense)	**2,503**	(1,712)	(4,914)	(2,894)	(6,319)
Profit/(Loss) attributable to equity holders of the Company	**21,821**	(36,373)	(43,258)	(29,303)	30,416

ASSETS AND LIABILITIES

	As at 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**418,995**	300,464	314,708	382,068	465,097
Total liabilities	**335,737**	238,070	186,588	192,687	203,153

AMS PUBLIC TRANSPORT HOLDINGS LIMITED
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