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AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2023, together with the comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March	
		2023	2022
		HK\$'000	HK\$'000
Revenue	4	374,896	339,198
Direct costs		(321,586)	(304,462)
Gross profit		53,310	34,736
Other revenue	5	9,034	7,550
Other net income	5	45,392	3,416
Administrative expenses		(39,083)	(38,447)
Other operating expenses		(1,212)	(1,095)
Operating profit		67,441	6,160
Deficit on revaluation of public light bus (“PLB”) licences	10	(20,460)	(18,150)
Reversal of / (Provision for) impairment of public bus licences		150	(750)
Finance costs	6	(5,384)	(6,221)
Profit / (Loss) before income tax	7	41,747	(18,961)
Income tax (expense) / credit	8	(2,462)	576
Profit / (Loss) for the year attributable to equity holders of the Company		39,285	(18,385)
Earnings / (Loss) per share			
- Basic (In HK cents)	9(a)	14.45	(6.76)
- Diluted (In HK cents)	9(b)	14.45	(6.76)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Profit / (Loss) for the year	39,285	(18,385)
Other comprehensive income	-	-
Total comprehensive income / (expense) for the year attributable to equity holders of the Company	39,285	(18,385)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
	Notes	2023	2022
		HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		48,291	43,250
Investment properties		408	437
Right-of-use assets		31,718	93,122
PLB licences	10	91,080	111,540
Public bus licences		9,450	9,300
Goodwill		22,918	22,918
Deferred tax assets		3,576	4,565
		207,441	285,132
Current assets			
Trade and other receivables	11	6,567	8,209
Tax recoverable		79	261
Bank balances and cash		68,651	36,377
		75,297	44,847
Current liabilities			
Trade and other payables	12	40,371	35,114
Bank borrowings		11,084	24,831
Lease liabilities		32,642	62,391
Tax payable		484	17
		84,581	122,353
Net current liabilities		(9,284)	(77,506)
Total assets less current liabilities		198,157	207,626
Non-current liabilities			
Bank borrowings		117,930	127,260
Lease liabilities		-	31,953
Deferred tax liabilities		3,260	2,574
		121,190	161,787
Net assets		76,967	45,839
EQUITY			
Share capital		27,191	27,191
Reserves		49,776	18,648
Total equity		76,967	45,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards 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 requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis except for PLB licences which are stated at fair values.

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2022, except for the adoption of the amended HKFRSs issued by the HKICPA which are relevant to and effective for the Group’s financial statements for annual accounting period beginning on 1 April 2022 as disclosed below.

2. CHANGES IN ACCOUNTING POLICIES

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 2022:

Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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

3. SEGMENT INFORMATION

The executive directors of the Company 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 single customer contributed over 10% of the Group’s revenue for the years ended 31 March 2023 and 2022.

4. REVENUE

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

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Franchised PLB services income	366,041	329,102
Residents' bus services income	5,291	5,600
Designated bus fleet services income (note)	3,564	4,496
	374,896	339,198

The Group derived all revenue from provision of the franchised PLB services, residents' bus services and designated bus fleet services at a point in time in Hong Kong during the years ended 31 March 2023 and 2022.

Note:

Starting from late February 2022, the Group provided a designated bus fleet services for transporting the persons who tested positive for COVID-19 from their residences to the designated community isolation facilities. The designated bus fleet services have been terminated by the end of April 2022.

5. OTHER REVENUE AND OTHER NET INCOME

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Other revenue		
Advertising income	4,500	4,500
Administration fee income	2,419	2,419
Government subsidies (note i)	847	-
Interest income	669	43
Properties rental income	270	252
Management fee income	190	190
Repair and maintenance service income	139	146
	9,034	7,550
Other net income		
Government subsidies (note ii)	45,406	3,347
(Loss) / Gain on disposal of property, plant and equipment	(55)	57
Sundry income	41	12
	45,392	3,416

Notes:

- (i) During the year ended 31 March 2023, the Group was entitled to receive subsidies of HK\$847,000 (2022: Nil) under the Government of HKSAR's Ex-gratia Payment Scheme ("EP Scheme") for the disposal of certain 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 2023, the Group received subsidies of HK\$45,406,000, 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 at 31 March 2023, the subsidies recognised but not yet received were HK\$698,000 (note 11).

During the year ended 31 March 2022, the Group received subsidies of HK\$3,347,000, which were mainly the fuel subsidies under the abovementioned Anti-epidemic Fund.

There are no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

6. FINANCE COSTS

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	3,444	2,592
Finance charges on lease liabilities	1,940	3,629
	5,384	6,221

7. PROFIT / (LOSS) BEFORE INCOME TAX

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Profit / (Loss) before income tax is arrived at after charging / (crediting):		
Fuel cost in direct costs	68,456	57,467
Lease charges:		
- Short-term leases	270	72
Depreciation of right-of-use assets	63,784	61,965
Depreciation of property, plant and equipment	6,644	5,784
Depreciation of investment properties	29	26
Auditor's remuneration		
- Audit services	580	568
- Non-audit services	88	86
Loss / (Gain) on disposal of property, plant and equipment	55	(57)

8. INCOME TAX (EXPENSE) / CREDIT

Hong Kong Profits Tax had been provided at the rate of 16.5% (2022: 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 2022.

The provision for Hong Kong Profits Tax for the year ended 31 March 2023 takes into account a reduction granted by the Government of HKSAR of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of HK\$6,000 for each business (2022: a maximum reduction of HK\$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for the year ended 31 March 2022).

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Current tax		
- Hong Kong Profits Tax		
Current year	(787)	(262)
Deferred tax		
Current year	(1,675)	838
Total income tax (expense) / credit	(2,462)	576

9. 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\$39,285,000 (2022: loss of HK\$18,385,000) and on the weighted average number of 271,913,000 (2022: 271,913,000) ordinary shares in issue during the year ended 31 March 2023.

9. EARNINGS / (LOSS) PER SHARE (Continued)

(b) Diluted earnings / (loss) per share

Diluted earnings per share is the same as basic earnings per share for the year ended 31 March 2023, 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 shares in the year.

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2022. 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 effect.

10. PLB LICENCES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
At the beginning of the year	111,540	129,690
Deficit on revaluation charged to the consolidated income statement	(20,460)	(18,150)
At the end of the year	91,080	111,540

PLB licences 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.

Fair value hierarchy

The following table presents the fair value of the Group's PLB licences measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy. The levels are based on the observability 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	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement of PLB licences:				
As at 31 March 2023	-	91,080	-	91,080
As at 31 March 2022	-	111,540	-	111,540

During the years ended 31 March 2023 and 2022, there were no transfers between Level 1 and Level 2.

At 31 March 2023 and 2022, 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.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Trade receivables – gross	1,792	4,056
Less: expected credit loss (“ECL”) allowance	-	-
Trade receivables – net	1,792	4,056
Other receivables – gross	1,349	694
Subsidy receivables – gross	698	-
Less: ECL allowance	-	-
Other receivables – net	2,047	694
Deposits	458	1,144
Prepayments	2,270	2,315
	6,567	8,209

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 or AlipayHK and remitted to the Group on the next business day after the day in which services are rendered. The Group normally granted a credit term ranging from 0 to 30 days (2022: 0 to 30 days) to other trade debtors.

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

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
0 to 30 days	1,504	3,561
31 to 60 days	132	165
61 to 90 days	131	165
Over 90 days	25	165
	1,792	4,056

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Trade payables	5,912	3,884
Other payables and accruals	34,459	31,230
	40,371	35,114

The Group was granted by its suppliers credit periods ranging from 0 to 30 days (2022: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
0 to 30 days	5,912	3,884

DIVIDENDS ATTRIBUTABLE TO THE YEAR

Having carefully considered the factors listed below in the Company's dividend policy, the Board recommended a final dividend of HK9.0 cents per ordinary share (2022: Nil), totaling HK\$24,472,000 for the year ended 31 March 2023 (2022: Nil). No special dividend was declared by the Board for the year ended 31 March 2023 (2022: HK3.0 cents per ordinary share, totaling HK\$8,157,000).

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 22 August 2023, the final dividend will be payable on 14 September 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining members' eligibility to attend, speak and vote at the AGM (or at any adjournment of it), and entitlement to the final dividend, the register of members of the Company will be closed as set out below:

(i) For determining eligibility to attend, speak and vote at the AGM:

Latest time to lodge transfer documents for registration
with the Company's Registrar At 4:00 p.m. on
Wednesday, 16 August 2023

Closure of register of members Thursday, 17 August 2023 to
Tuesday, 22 August 2023
(both dates inclusive)

Record date Tuesday, 22 August 2023

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration
with the Company's Registrar At 4:00 p.m. on
Thursday, 31 August 2023

Closure of register of members Friday, 1 September 2023 to
Wednesday, 6 September 2023
(both dates inclusive)

Record date Wednesday, 6 September 2023

During the above closure periods, no transfer of shares will be registered. To be eligible to attend, speak and vote at the AGM (or at any adjournment of it), and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than the aforementioned latest time.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

- In order to enhance operational efficiency and service quality, the Group continued to put effort in proposing route re-organisations plans to the Transport Department. During the year, the Group completed certain route re-organisations involving six franchised PLB routes. The focus of the route re-organisations of the year was to adjust the fleet size of the individual route packages and the service hours of particular routes so as to meet passenger demand. The number of PLB routes operated by the Group remained at 72 (2022: 72) and the number of PLBs operated by the Group remained at 354 as at 31 March 2023 (2022: 354). The number of routes and fleet size of residents' bus also stayed at 4 (2022: 4) and 7 (2022: 7) respectively.
- The Group is committed to continually improving its services and ensuring that the passengers have a pleasant and comfortable journey. One of the ways the Group achieves this is by upgrading our fleet. During the year, the Group replaced 28 aged PLBs (2022: 23 aged PLBs) with brand-new 19-seat PLBs. This upgrade is expected to significantly enhance the passenger experience. As of 31 March 2023, the Group's average fleet age slightly decreased to 6.7 years (2022: 6.9 years). Furthermore, as at 31 March 2023, the Group deployed 275 of the 19-seat PLBs (2022: 247), which accounted for approximately 78% of the Group's PLB fleet (2022: 70%).
- The fifth wave of the COVID-19 pandemic reached its peak in March 2022, but the situation gradually subsided later that year. In response to the improvement, the Hong Kong Government decided to relax certain social distancing measures and enable more social and economic activities. As a result, the economy of Hong Kong has been slowly returning to normalcy. One significant sign of this recovery is the increase in passenger flow, as the general public feels more comfortable and safe traveling. Since the relaxation of pandemic controls, there has been an obvious and continued increase in passenger flow. According to the transport figures published by the Transport Department, the total number of passenger journeys carried by the public transport operators and the green minibus operators during the year ended 31 March 2023 increased by 5.9% and 4.0% respectively, as compared with last year. This is a positive development for the transportation industry, which has been significantly affected by the pandemic.
- Following the resumption of normalcy in economic and social activities of Hong Kong, the passenger flow has improved and the Group's patronage has benefited accordingly. While the Group's total mileage travelled for the year slightly decreased by around 1.7% to approximately 34.7 million kilometers (2022: 35.3 million kilometers), the patronage of the Group's franchised PLB services the year increased by 5.6% to approximately 53.0 million compared with last year (2022: approximately 50.2 million). The management would continue to exercise its expertise in adjusting the service frequency, monitoring the situation closely, and making necessary adjustments to optimise the Group's services as so to provide the best possible experience for our passengers.
- In an effort to ease the pressure from high fuel costs and climbing staff costs, the Group continued to submit fare increase applications and was granted approval to raise the fares in 33 routes at rates ranging from 5.3% to 13.8% (2022: 32 routes at rates ranging from 4% to 14.5%) during the year.

FINANCIAL REVIEW

Consolidated results for the year

The Group recorded a profit for the year ended 31 March 2023 of HK\$39,285,000 (2022: loss for the year of HK\$18,385,000), which was primarily attributable to the subsidies received from the Hong Kong Government's Anti-epidemic Fund amounting to HK\$45,406,000 (2022: HK\$3,347,000). If excluding the said Government subsidies and the non-cash deficit on revaluation of PLB licences of HK\$20,460,000 (2022: HK\$18,150,000), the Group would record a profit for the year of approximately HK\$14,339,000 (2022: loss of HK\$3,582,000), which was mainly due to the patronage recovery following the end of the fifth wave of the COVID-19 pandemic.

The details of the consolidated results are presented below:

	Year ended 31 March		Increase/(Decrease)	
	2023 HK\$'000	2022 HK\$'000	HK\$'000	In %
Revenue	374,896	339,198	35,698	+10.5%
Other revenue and other net income	54,426	10,966	43,460	+396.3%
Direct costs	(321,586)	(304,462)	17,124	+5.6%
Administrative expenses	(39,083)	(38,447)	636	+1.7%
Other operating expenses	(1,212)	(1,095)	117	+10.7%
Operating profit	67,441	6,160	61,281	+994.8%
Deficit on revaluation of PLB licences	(20,460)	(18,150)	2,310	+12.7%
Reversal of / (Provision for) impairment of public bus licences	150	(750)	900	N/A
Finance costs	(5,384)	(6,221)	(837)	-13.5%
Income tax (expense) / credit	(2,462)	576	3,038	N/A
Profit / (Loss) for the year	39,285	(18,385)	57,670	N/A

- With the increase in patronage by 5.6%, coupled with the effect of fare increase, the revenue for the year increased accordingly by HK\$35,698,000 or 10.5% to HK\$374,896,000 (2022:HK\$339,198,000), as compared with last year.
- Other revenue and other net income for the year significantly rose by HK\$43,460,000 or around 396.3% to HK\$54,426,000 (2022: HK\$10,966,000), which was mainly attributable to the subsidies received from the Hong Kong Government's Anti-epidemic Fund amounting to HK\$45,406,000 (2022: HK\$3,347,000). The subsidies received this year mainly included the wage subsidy under the Employment Support Scheme 2022 and the fuel subsidy granted by the Government.
- Direct costs for the year were HK\$321,586,000 (2022: HK\$304,462,000), representing an increase of HK\$17,124,000 or around 5.6% 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 costs, which altogether made up over 90% of the total direct costs. The major changes on these direct costs are as follows:

- Fuel costs: due to the surge in international fuel prices, the average diesel and LPG unit prices procured by the Group during the year increased substantially by 44.5% and 14.6% respectively. As a result, fuel costs for the year jumped significantly by HK\$10,989,000 or around 19.1% to HK\$68,456,000 (2022: HK\$57,467,000);
- Depreciation of the right-of-use assets in respect of the leased PLBs for the year increased by HK\$1,819,000 or around 2.9% to HK\$63,784,000 (2022: HK\$61,965,000). This increase was primarily due to the higher rental rate paid for new PLBs leased as a result of the fleet vehicle upgrade;
- Labour costs: The labour costs slightly increased by HK\$2,215,000 or approximately 1.6% to HK\$143,568,000 (2022:HK\$141,353,000) as compared with last year, which was mainly attributable to the increase in provision for long service payment under the investment market downturn.
- Administrative expenses for the year were HK\$39,083,000 (2022: HK\$38,447,000), of which HK\$30,642,000 (2022: HK\$30,645,000) 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	
	2023	2022
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	3,444	2,592
Finance charges on lease liabilities	1,940	3,629
Total finance costs	5,384	6,221

- The interest expenses on bank borrowings for the year increased by HK\$852,000 or around 32.9% to HK\$3,444,000 (2022: HK\$2,592,000), which was mainly due to the increase in average borrowing rate of the Group by approximately 67 basis points (i.e. 0.67%) compared with last year; and
- The finance charges on lease liabilities for the year reduced by HK\$1,689,000 or around 46.5% to HK\$1,940,000 (2022: HK\$3,629,000), which was because the lease liabilities recognised under a three-year PLB leasing agreement have gradually reduced over the 3 years period. This PLB leasing agreement will end on 30 September 2023.
- During the year, the income tax expense was HK\$2,462,000 (2022: income tax credit of HK\$576,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences and reversal of impairment of public bus licences, 2) the non-taxable effect on the subsidies received from the Hong Kong Government's Anti-epidemic Fund, 3) tax difference between actual lease payment and the depreciation on right-of-use assets and finance charge on lease liabilities, and 4) the effect of two-tiered profits tax rates, the effective tax rate for the year was 16.1% (2022: 15.3%). The Hong Kong profits tax rate applicable to the Group during the year remained at 16.5% (2022: 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\$310,000 or approximately 18.3% to HK\$1,380,000 per licence as at 31 March 2023 (2022: HK\$1,690,000). As a result, the total carrying value of PLB licences of the Group decreased accordingly to HK\$91,080,000, representing a decrease of HK\$20,460,000 or approximately 18.3% (2022: HK\$111,540,000). The whole amount of the deficit on revaluation of PLB licences totaling HK\$20,460,000 was charged to the Group's consolidated income statement (2022: HK\$18,150,000). Please also refer to note 10 for more information on the carrying amount of PLB licences.

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

Cash flow

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Net cash from operating activities (Note i)	139,446	81,395
Net cash used in investing activities (Note ii):		
Purchase of property, plant and equipment	(8,057)	(12,221)
Proceeds from disposal of property, plant and equipment	69	78
Government subsidies received for the disposal of Euro IV diesel commercial vehicles	847	-
Interest received	669	43
Increase in time deposit	(10,000)	-
	(16,472)	(12,100)
Net cash used in financing activities:		
Proceeds from new bank borrowings	-	17,000
Repayment of bank borrowings	(23,077)	(11,015)
Capital element of lease rental paid	(64,082)	(61,250)
Interest element of lease rental paid	(1,940)	(3,629)
Dividends paid	(8,157)	(19,034)
Interest paid on bank borrowings	(3,444)	(2,592)
	(100,700)	(80,520)
Net increase / (decrease) in cash and cash equivalents	22,274	(11,225)
Cash and cash equivalents at the beginning of the year	36,377	47,602
Cash and cash equivalents at the end of the year	58,651	36,377
Add: Addition in time deposit during the year	10,000	-
Bank balances and cash at the end of the year	68,651	36,377

Notes:

- (i) The increase in the net cash from operating activities was generally in line with the jump in the operating profit for the year.
- (ii) The net cash used in investing activities was mainly for the replacement of aged PLBs and placing of time deposit during the year.

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 dropped to HK\$84,581,000 (2022: HK\$122,353,000) as at 31 March 2023, which was mainly attributable to the fact that the lease liabilities recognised under a three-year PLB leasing agreement, which will expire on 30 September 2023, have gradually reduced over the 3 years period.

In the meantime, as a result of improved profit, the bank balances and cash increased to HK\$68,651,000 (2022: HK\$36,377,000) as at 31 March 2023, representing an increase of HK\$32,274,000 or 88.7% compared with last financial year end. This increase led to a reduction in the net current liabilities of the Group to HK\$9,284,000 (2022: HK\$77,506,000) as at 31 March 2023. The current ratio (current assets/current liabilities) also improved to 0.89 times (2022: 0.37 times).

All of the bank balances and cash as at 31 March 2023 and 31 March 2022 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 2023, the Group had banking facilities totalling HK\$196,314,000 (2022: HK\$205,391,000) of which HK\$129,014,000 (2022: HK\$152,091,000) was utilised.

Bank borrowings

No new borrowing was initiated during the year. Owing to the scheduled repayments, the balance of total bank borrowings of the Group decreased by HK\$23,077,000 or around 15.2% to HK\$129,014,000 as at 31 March 2023 (2022: HK\$152,091,000).

The maturity profiles of the bank borrowings are as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Within one year	11,084	24,831
In the second year	9,284	11,292
In the third to fifth years	40,846	43,691
After the fifth year	67,800	72,277
	129,014	152,091

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 31 March 2023 improved to 78.4% (2022: 252.4%). This improvement was mainly attributable to the increase in shareholders' equity and reduced borrowing level. As at 31 March 2023, the shareholders' equity increased by HK\$31,128,000 or around 67.9% to HK\$76,967,000 (2022: HK\$45,839,000), as compared with last year.

Pledge of assets

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

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
PLB licences	60,720	74,360
Property, plant and equipment	22,972	22,697
Investment properties	363	389

Capital expenditure and commitment

Capital expenditure incurred for the year is as below:

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Property, plant and equipment	11,809	12,221
Right-of-use assets	2,380	1,431
Total	14,189	13,652

The capital expenditure for property, plant and equipment for the year was HK\$11,809,000 (2022: HK\$12,221,000), which was mainly for the purchase of seven new PLBs amounting to HK\$5,089,000. The purchase was mainly financed by proceeds from operations.

The capital commitment of the Group of HK\$865,000 as at 31 March 2023 (2022: HK\$4,450,000) was mainly for office renovation work. The comparative figure as at 31 March 2022 was mainly the balance payments for seven PLBs ordered but not yet delivered.

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 AlipayHK 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 2023 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 1.5% (2022: 1.8%) of the total costs of the Group (excluding the deficit on revaluation of PLB licences and reversal of / (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 2023 and 31 March 2022. 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 2023 and 31 March 2022.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2023 (2022: Nil).

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. The total amount of employee benefit expenses incurred for the year was HK\$187,834,000 (2022: HK\$185,387,000), representing approximately 50.8% (2022: 52.9%) 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 the Annual Report 2022/23.

Events after the end of the reporting period

On 29 June 2023, a wholly-owned subsidiary of the Company, being the lessee, and three connected parties of the Company (as defined in the Chapter 14A of the Listing Rules), all being the lessors, entered into a new minibus leasing agreement ("New Minibus Leasing Agreement") with a view to renewing the existing PLB leasing arrangements for another term of three years running from 1 October 2023 to 30 September 2026. The transactions under the New Minibus Leasing Agreement constitute continuing connected transactions and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Details of significant events occurring after the reporting period are set out in note 38 to the consolidated financial statements of the Annual Report 2022/23.

It is estimated that the Group would recognise right-of-use assets and lease liabilities amounting to approximately HK\$185 million respectively on 1 October 2023 pursuant to the New Minibus Leasing Agreement, subject to the independent shareholders' approval at the annual general meeting of the Company, which will be held in August 2023.

PROSPECT

Looking ahead, now that Hong Kong has returned to normalcy, we anticipate a moderate resumption of patronage growth in the near future. However, we are still grappling with the challenging operating environment of the minibus industry, particularly the high fuel prices and the ageing and shortage of labour. The shortage of captains has further impacted our service stability and impeded our business expansion. Obviously, the labour deficit has been worsening in Hong Kong, exacerbated by the ageing population. On 13 June 2023, the Government announced an extension of the foreign labour import scheme to include the green minibus sector. We welcome the Government's new policy and will apply for importing foreign workers based on our current operational situation.

Given the challenges of inflating costs, the Group will continue to optimise the operating efficiency internally by rationalising the routes and the service schedules after due evaluation of passenger demand. Our management continues to listening to our passengers and local communities in order to understand their needs and try our best to accommodate passenger demand when designing the route restructuring plans. Furthermore, the Group will continue to submit fare rise applications to the Transport Department in order to ensure the sustainability of the Group's operations and maintain the quality of service for our passengers.

As always, the Group will explore and capture opportunities for development and strategic cooperation in the market so as to generate sustainable value for our shareholders.

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

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the provisions of the code as set out in Appendix 14 "Corporate Governance Code" of the Listing Rules for the year ended 31 March 2023.

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 2023. 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.

REVIEW BY 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 2023 to review the Group's annual financial statements and annual results announcement, and to provide advice and recommendations to the Board.

REVIEW BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 are based on the Group's audited consolidated financial statements for the year which have been agreed with the auditor, Grant Thornton Hong Kong Limited. The work performed by Grant Thornton Hong Kong Limited in this respect was limited and did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this preliminary announcement.

PUBLICATION OF DETAILED ANNUAL RESULTS AND ANNUAL REPORT

All the financial information and other related information of the Company for the year ended 31 March 2023 as required to be disclosed by the Listing Rules will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.amspt.com in due course.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 29 June 2023

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

Executive Directors

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