

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



AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) hereby announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023, together with the unaudited comparative figures for the corresponding period in 2022. The unaudited condensed consolidated interim financial information has been reviewed by the auditor and the audit committee of the Company (the “Audit Committee”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September	
		2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Revenue	4	194,597	181,461
Direct costs		(161,993)	(163,682)
Gross profit		32,604	17,779
Other revenue	5	4,772	4,466
Other income	5	20	37,467
Administrative expenses		(19,809)	(20,154)
Other operating expenses		(906)	(663)
Operating profit		16,681	38,895
Deficit on revaluation of PLB licences	12	(25,080)	(9,240)
Provision for impairment of public bus licences		-	(300)
Finance costs	7	(2,379)	(2,620)
(Loss) / Profit before income tax	8	(10,778)	26,735
Income tax (expense) / credit	9	(1,917)	353
(Loss) / Profit for the period attributable to equity holders of the Company		(12,695)	27,088
(Loss) / Earnings per share attributable to equity holders of the Company			
- Basic (in HK cents)	11	(4.67)	9.96
- Diluted (in HK cents)	11	(4.67)	9.96

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
(Loss) / Profit for the period	(12,695)	27,088
Other comprehensive income	-	-
Total comprehensive (expense) / income for the period attributable to equity holders of the Company	(12,695)	27,088

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		30 September 2023	31 March 2023
	Notes	Unaudited HK\$'000	Audited HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		45,990	48,291
Investment properties		394	408
Right-of-use assets		114	31,718
PLB licences	12	66,000	91,080
Public bus licences		9,450	9,450
Goodwill		22,918	22,918
Deferred tax assets		2,790	3,576
		147,656	207,441
Current assets			
Trade and other receivables	13	7,963	6,567
Tax recoverable		40	79
Bank balances and cash		57,244	68,651
		65,247	75,297
Current liabilities			
Trade and other payables	14	44,622	40,371
Bank borrowings		10,094	11,084
Lease liabilities		114	32,642
Tax payable		1,241	484
		56,071	84,581
Net current assets / (liabilities)		9,176	(9,284)
Total assets less current liabilities		156,832	198,157
Non-current liabilities			
Bank borrowings		113,437	117,930
Deferred tax liabilities		3,595	3,260
		117,032	121,190
Net assets		39,800	76,967
EQUITY			
Share capital		27,191	27,191
Reserves		12,609	49,776
Total equity		39,800	76,967

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2023

1. Corporate information

The Company was incorporated in the Cayman Islands on 18 March 2003 as an exempted company with limited liability under the Companies Act Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The head office and principal place of business of the Company is located at 11th – 12th Floor, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 April 2004.

The Company is an investment holding company and its subsidiaries (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.

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

2. Basis of preparation and significant accounting policies

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

This unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023.

This unaudited condensed consolidated interim financial information has been prepared on the historical cost basis except for PLB licences which are stated at fair values. The accounting policies and critical accounting estimates and judgements used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2023, except for the adoption of the amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are relevant to and effective for the Group’s financial statements for annual accounting period beginning on 1 April 2023 as disclosed in note 3 to this unaudited condensed consolidated interim financial information.

2. Basis of preparation and significant accounting policies (Continued)

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025. In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“Guidance”) that provides comprehensive guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the Guidance.

3. Adoption of new and amended HKFRSs

(a) New and amended HKFRSs that are effective for annual period beginning on 1 April 2023

In the current interim period, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the annual period beginning on 1 April 2023 for the preparation of the Group’s unaudited condensed consolidated interim financial information:

HKFRS 17	Insurance Contracts and Related Amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

(b) Issued but not yet effective HKFRSs

The HKICPA has issued a number of amended HKFRSs that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 April 2023.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

3. Adoption of new and amended HKFRSs (Continued)

(b) Issued but not yet effective HKFRSs (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2024
- ² Effective for annual periods beginning on or after 1 January 2025
- ³ Effective date not yet determined

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. The new and amended HKFRSs are not expected to have impact on the condensed consolidated interim financial information.

4. Revenue

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

	For the six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Franchised PLB services income	191,562	175,545
Residents' bus services income	3,035	2,352
Designated bus fleet services income (note)	-	3,564
	194,597	181,461

The Group derived all revenue from the provision of the franchised PLB, residents' bus transportation services and designated bus fleet services at a point in time in Hong Kong during the six months ended 30 September 2023 and 2022.

Note:

During the period from late February 2022 to 30 April 2022, the Group provided designated bus fleet services for transporting the persons who tested positive for COVID-19 from their residences to the designated community isolation facilities.

5. Other revenue and other income

	For the six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Other revenue		
Advertising income	2,250	2,250
Administration fee income	1,210	1,210
Government subsidies (<i>note i</i>)	-	663
Properties rental income	135	135
Interest income	1,014	74
Others	163	134
	4,772	4,466
Other income		
Government subsidies (<i>note ii</i>)	-	37,409
Gain on disposal of property, plant and equipment	-	30
Sundry income	20	28
	20	37,467

Notes:

- i) During the six months ended 30 September 2022, the Group was entitled to receive subsidies of HK\$663,000 under the Government'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 condensed consolidated income statement during the period of the Disposal and when the conditions under the EP Scheme were complied with.
- ii) During the six months ended 30 September 2022, the Group was entitled to subsidies of HK\$37,409,000 which included wage and fuel subsidies, and a one-off subsidy amounted to HK\$10,620,000 to green minibus passenger service operators, under the Anti-epidemic Fund set up by the Government.
- iii) As at 30 September 2022, the subsidies recognised but not yet received were HK\$2,820,000.

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

6. Segment information

The executive directors regard the Group's franchised PLB and residents' bus services as the only operating segment and assess the operating performance and allocate the resources of the Group as a whole. Accordingly, no separate analysis of the reportable segment results and assets 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 who contributed over 10% of the Group's revenue for the six months ended 30 September 2023 and 2022.

7. Finance costs

	For the six months ended 30 September	
	2023	2022
	Unaudited HK\$'000	Unaudited HK\$'000
Interest expenses on bank borrowings	2,133	1,471
Finance charges on lease liabilities	246	1,149
	2,379	2,620

8. (Loss)/Profit before income tax

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

	For the six months ended 30 September	
	2023	2022
	Unaudited HK\$'000	Unaudited HK\$'000
Fuel cost in direct costs	31,380	36,508
Employee benefits expense (including directors' emoluments)	97,289	94,963
Lease charges on short term leases	165	96
Depreciation of right-of-use assets	32,272	31,716
Depreciation of property, plant and equipment	3,347	3,267
Depreciation of investment properties	14	14
Gain on disposal of property, plant and equipment (note 5)	-	(30)

9. Income tax (expense)/credit

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the period, 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%, 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 as in 2022.

	For the six months ended 30 September	
	2023	2022
	Unaudited HK\$'000	Unaudited HK\$'000
Current tax	(796)	(606)
Deferred tax	(1,121)	959
Total income tax (expense)/credit	(1,917)	353

10. Dividends

(a) Dividends attributable to the period

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 and 2022.

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

	For the six months ended 30 September	
	2023	2022
	Unaudited HK\$'000	Unaudited HK\$'000
Final dividend of HK9.0 cents (2022: Nil) per ordinary share	24,472	-
No special dividend (2022: special dividend of HK3.0 cents per ordinary share)	-	8,157
	24,472	8,157

At the Board meeting held on 29 June 2023, the Board resolved to declare a final dividend of HK9.0 cents (2022: special dividend of HK3.0 cents) per ordinary share in respect of the year ended 31 March 2023, totaling HK\$24,472,000 (2022: special dividend of HK\$8,157,000).

11. (Loss) / Earnings per share

(a) Basic (loss) / earnings per share

The calculation of basic (loss) / earnings per share is based on the loss attributable to equity holders of the Company of HK\$12,695,000 (2022: profit of HK\$27,088,000) and on the weighted average number of 271,913,000 (2022: 271,913,000) ordinary shares in issue during the period.

(b) Diluted (loss) / earnings per share

Diluted loss per share is the same as basic loss per share for the six months ended 30 September 2023. The potential shares arising from the conversion of the Company's share options would decrease the loss per share attributable to equity holders of the Company and is not taken into account as they had anti-dilutive effects.

Diluted earnings per share is the same as basic earnings per share for the six months ended 30 September 2022, as the share options have no dilutive effect on ordinary shares for the period because the exercise price of the Company's share options was higher than the average market price of the Company's shares in the period.

12. PLB licences

	2023 HK\$'000	2022 HK\$'000
As at 1 April (Audited)	91,080	111,540
Deficit on revaluation charged to condensed consolidated income statement	(25,080)	(9,240)
As at 30 September (Unaudited)	66,000	102,300

The fair value of a PLB licence dropped to HK\$1,000,000 as at 30 September 2023 (31 March 2023: HK\$1,380,000). At the reporting date, the PLB licences were revalued by HG Appraisal & Consulting Ltd., 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. As they were observable inputs which failed to meet Level 1, and there were no significant unobservable inputs used, the measurement was under Level 2 fair value hierarchy. The key assumptions under the market approach are consistent with those used and disclosed in the Group's annual financial statements for the year ended 31 March 2023.

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 30 September 2023 (Unaudited)	-	66,000	-	66,000
As at 31 March 2023 (Audited)	-	91,080	-	91,080

During the six months ended 30 September 2023 and 2022, there were no transfers between Level 1 and Level 2.

13. Trade and other receivables

	As at 30 September 2023 Unaudited HK\$'000	As at 31 March 2023 Audited HK\$'000
Trade receivables – gross	2,916	1,792
Less: Expected credit losses (“ECL”) allowance	-	-
Trade receivables – net	2,916	1,792
Other receivables – gross	792	1,349
Subsidies receivable – gross (note 5(ii))	-	698
Less: ECL allowance	-	-
Other receivables – net	792	2,047
Deposits	490	458
Prepayments	3,765	2,270
	7,963	6,567

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. During the six months ended 30 September 2023, the Group normally granted a credit term ranging from 0 to 30 days (31 March 2023 (audited): 0 to 30 days) to other trade debtors.

Other receivables mainly included insurance claim receivables. Prepayments mainly included insurance and fuel prepayments.

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 30 September 2023 Unaudited HK\$'000	As at 31 March 2023 Audited HK\$'000
0 to 30 days	2,560	1,504
31 to 60 days	116	132
61 to 90 days	116	131
Over 90 days	124	25
	2,916	1,792

14. Trade and other payables

	As at 30 September 2023 Unaudited HK\$'000	As at 31 March 2023 Audited HK\$'000
Trade payables	5,306	5,912
Other payables and accruals	39,316	34,459
	44,622	40,371

During the six months ended 30 September 2023, the Group was granted by its suppliers credit periods ranging from 0 to 30 days (31 March 2023 (audited): 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 30 September 2023 Unaudited HK\$'000	As at 31 March 2023 Audited HK\$'000
0 to 30 days	5,306	5,912

Other payables mainly included accrued salaries and bonus, provision for unused annual leave, long service payments and other staff benefits.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDENDS

The Group recorded a loss for the six months ended 30 September 2023 of HK\$12,695,000 (2022: profit of HK\$27,088,000). The substantial change in the financial results for the period compared to same period last year was primarily attributable to the absence of the one-off subsidies amounting to HK\$37,409,000 received from the Government's Anti-epidemic Fund in last period and the increase in non-cash deficit on revaluation of PLB licences by HK\$15,840,000 or 171.4% to HK\$25,080,000 as compared to same period last year (2022: HK\$9,240,000).

Excluding the effect of the said one-off Government subsidies and the deficit on revaluation of PLB licences, the Group's green minibus operation achieved an operating profit of around HK\$12,385,000 for the six months ended 30 September 2023, which is a notable improvement compared to an operating loss of HK\$781,000 in the last period. The primary factor contributing to the improvement in operational performance was the sustained recovery in the Group's patronage following the end of the COVID-19 pandemic.

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 (2022: no interim dividend was declared).

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

- According to the transport figures published by the Transport Department, during the six months ended 30 September 2023, there was a 5.7% increase in patronage of the green minibus sector of Hong Kong compared with same period last year. The patronage of the Group's franchised PLB services for the same period increased by around 7.6% to around 27,528,000 compared with same period last year (2022: 25,585,000). Following the end of the COVID-19 pandemic, there has been a noticeable increase in passenger flow. However, the Group has been presently encountering difficulties in recruiting and retaining captains due to the economic recovery, which has posed limitations on expanding service frequency. Consequently, the total mileage travelled for the period maintained at around 16.5 million kilometers (2022: 16.6 million kilometers) during the period, which was similar to that of last period.
- There was no change in the fleet size of the Group during the period. As at 30 September 2023, the PLB fleet size and the number of PLB routes remained at 354 (31 March 2023 and 30 September 2022: 354) and 72 (31 March 2023 and 30 September 2022: 72) respectively. The number of residents' buses routes and its fleet size operating by the Group also remained at four (31 March 2023 and 30 September 2022: four) and seven (31 March 2023 and 30 September 2022: seven) respectively as at 30 September 2023. During the period, no aged 16-seat PLB was replaced during the period (2022: 23). As at 30 September 2023, the Group deployed 275 19-seat PLBs (31 March 2023: 275; 30 September 2022: 269), representing around 78% of the Group's PLB fleet. The average fleet age slightly increased to 7.2 years (31 March 2023: 6.7 years; 30 September 2022: 6.5 years).

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

	For the six months			In %
	ended 30 September		Increase/	
	2023	2022	(Decrease)	
	HK\$'000	HK\$'000	HK\$'000	
Revenue	194,597	181,461	13,136	7.2%
Other revenue and other income	4,792	41,933	(37,141)	-88.6%
Direct costs	(161,993)	(163,682)	(1,689)	-1.0%
Administrative expenses	(19,809)	(20,154)	(345)	-1.7%
Other operating expenses	(906)	(663)	243	36.7%
Finance costs	(2,379)	(2,620)	(241)	-9.2%
Income tax (expense)/credit	(1,917)	353	(2,270)	N/A
Profit for the period before deficit on revaluation of PLB licences and provision for impairment of public bus licences				
	12,385	36,628	(24,243)	-66.2%
Deficit on revaluation of PLB licences	(25,080)	(9,240)	15,840	171.4%
Provision for impairment of public bus licences	-	(300)	(300)	-100%
(Loss) / Profit for the period	(12,695)	27,088	(39,783)	N/A
Profit/(Loss) for the period before Government's subsidy, deficit on the revaluation of PLB licences and provision for impairment of public bus licences				
	12,385	(781)	13,166	N/A

- During the period, fare rise in 5 routes had been approved and implemented at rates ranging from 3.8% to 5.3% (2022: 22 routes, around 5.7 to 9.7%). The combination of fare increases and a 7.6% rise in patronage resulted in an increase in the franchised PLB and residents' bus services income for the period by 9.4% or HK\$16,700,000 to HK\$194,597,000 (2022: HK\$177,897,000). With the absence of the services income from the designated bus fleet, which was for transporting the persons who tested positive for COVID-19 from their residences to the designated community isolation facilities and terminated on 30 April 2022, amounting to HK\$3,564,000 for the period last year, the revenue for the period increased by HK\$13,136,000 or 7.2% to HK\$194,597,000 (2022: HK\$181,461,000), compared with the same period last year.
- Other revenue and other income for the period significantly reduced by HK\$37,141,000 or 88.6% to HK\$4,792,000 (2022: HK\$41,933,000) compared with last period, which was attributable to the absence of the one-off subsidies under the Anti-epidemic Fund set up by the Government of HK\$37,409,000 received by the Group during the last period.

- The direct costs for the period slightly decreased by HK\$1,689,000 or 1.0% to HK\$161,993,000 (2022: HK\$163,682,000) compared with last period. The major direct costs of the Group are labour costs, depreciation of right-of-use assets, fuel costs and repair and maintenance (“R&M”) costs, which altogether made up over 90% of the total direct costs for the period. The changes on these major direct costs during the period are as follows:
 - The Group’s fuel consumption remained largely unchanged compared with last period. However, due to the decrease in average unit prices of diesel and liquefied petroleum gas by 12.6% and 14.7% respectively, the fuel costs for the period reduced by HK\$5,128,000 or 14.0% to HK\$31,380,000 (2022: HK\$36,508,000).
 - The Group implemented wage increases for captains to tackle the challenges associated with recruiting and retaining the captains, ensuring that competitive wages were provided to alleviate the impact of the labour shortage. Consequently, the labour costs for captains increased by HK\$3,009,000 or 4.2% to HK\$75,049,000 (2022: HK\$72,040,000) compared with last period.
 - Depreciation of right-of-use assets in respect of the leased PLBs for the period slightly increased by HK\$556,000 or 1.8% to HK\$32,272,000 (2022: HK\$31,716,000). There were no change in rental rate and number of leased PLBs during the period; and
 - The R&M costs for the period was HK\$12,960,000 (2022: HK\$12,870,000), similar to same period last year.
- The administrative expenses for the period slightly decreased by HK\$345,000 or 1.7% to HK\$19,809,000 (2022: HK\$20,154,000), which was mainly attributable to the minor reduction in administrative staff headcount.
- The breakdown of finance costs for the period is as follow:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Interest expenses on bank borrowings (<i>note i</i>)	2,133	1,471
Finance charges on lease liabilities (<i>note ii</i>)	246	1,149
	<hr/>	<hr/>
Total finance costs	2,379	2,620

Notes:

- (i) Compared with last period, interest expenses on bank borrowings for the period increased by around HK\$662,000 or 45.0% to HK\$2,133,000 (2022: HK\$1,471,000), which was mainly due to the increase in market borrowing rates; and
- (ii) The finance charges on lease liabilities for the period substantially dropped by HK\$903,000 or around 78.6% to HK\$246,000 (2022: HK\$1,149,000), which was primarily due to the gradual reduction of lease liabilities recognised under a three-year PLB leasing agreement, which expired on 30 September 2023. As a result, the finance charges associated with the lease liabilities decreased substantially.

- The income tax expense for the period was HK\$1,917,000 (2022: income tax credit of HK\$353,000). Excluding 1) the non-deductible effect of the deficit on revaluation of PLB licences of HK\$25,080,000 (2022: HK\$9,240,000), 2) tax difference between the actual lease payment and the depreciation of right-of-use assets and finance charge on lease liabilities, and 3) the effect of two-tiered profits tax rates, the effective tax rate for the period was 15.6% (2022: 16.5%). The Hong Kong profits tax rate applicable to the Group during the year was 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 Government.
- The industry's challenging business environment, coupled with the substantial increase in borrowing rates, adversely impacted the market value of PLB licences, leading to a further decline of 27.5% to HK\$1,000,000 per PLB licence as at 30 September 2023 (31 March 2023: HK\$1,380,000). Consequently, the total carrying value of PLB licences of the Group as at 30 September 2023 dropped accordingly to HK\$66,000,000, representing a decrease of HK\$25,080,000 or approximately 27.5% (31 March 2023: HK\$91,080,000). The whole amount of the deficit on revaluation of PLB licences totaling HK\$25,080,000 was charged to the Group's condensed consolidated income statement for the period (2022: HK\$9,240,000). Please also refer to the note 12 of the unaudited condensed consolidated interim financial information for more information on the carrying amount of PLB licences.

According to the applicable accounting standards, the PLB licences are 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

	For the six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Net cash inflows from operating activities (<i>note i</i>)	54,155	74,441
Net cash inflows / (outflows) from investing activities (<i>note ii</i>)	9,968	(5,463)
Net cash outflows from financing activities	(65,530)	(53,303)
Net (decrease) / increase in cash and cash equivalents	(1,407)	15,675

Notes:

- The net cash inflows from operating activities for the period decreased generally in line with the drop in profit for the period before deficit on the revaluation of PLB licences and provision for impairment of public bus licences, compared with last period.
- The net cash outflows from investing activities for the period was HK\$9,968,000 (2022: outflows of HK\$5,463,000), which was mainly due to the decrease in time deposit of HK\$10,000,000. The net cash outflows from investing activities for the last period was mainly for the purchase of seven new PLBs to replace the old ones.

Please refer to the condensed consolidated statement of cash flows of the 2023/24 interim report for details.

Capital structure, liquidity, financial resources and policies

Liquidity and financial resources

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

The net current assets of the Group as at 30 September 2023 was HK\$9,176,000 (31 March 2023: net current liabilities of HK\$9,284,000). The current ratio (current assets/current liabilities) as at 30 September 2023 increased to 1.16 times (31 March 2023: 0.89 times). The net current assets and the current ratio were improved because a three-year PLB leasing agreement had expired by 30 September 2023 and the current portion of lease liabilities recognised reduced significantly to HK\$114,000, as compared to that of HK\$32,642,000 as at 31 March 2023.

As at 30 September 2023, the Group had bank balances and cash amounting to HK\$57,244,000 (31 March 2023: HK\$68,651,000). All of the bank balances and cash as at 30 September 2023 and 31 March 2023 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 period.

As at 30 September 2023, the Group had banking facilities totalling HK\$190,831,000 (31 March 2023: HK\$196,314,000) of which HK\$123,531,000 (31 March 2023: HK\$129,014,000) was utilised.

Bank borrowings

The balance of the total bank borrowings of the Group decreased by HK\$5,483,000 or 4.2% to HK\$123,531,000 as at 30 September 2023 (31 March 2023: HK\$129,014,000), which was attributable to the scheduled repayment of bank borrowings during the period. No new bank borrowing was incepted during the period.

The maturity profiles of the bank borrowings are as follows:

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Within one year	10,094	11,084
In the second year	9,306	9,284
In the third to fifth year	39,312	40,846
After the fifth year	64,819	67,800
	123,531	129,014

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 30 September 2023 was 166.6% (31 March 2023: 78.4%). The increase in gearing ratio as at 30 September 2023 was mainly attributable to the drop in shareholders' equity as a result of the distribution of dividends and the increase in the deficit on revaluation of PLB licences for the period. The impact of distribution of dividends to the gearing ratio as at interim period end is relatively greater compared with that of the last financial year end as it is the Group's practice to declare and pay final / special dividends to the shareholders during the interim period, which would reduce the bank balances and cash as well as the shareholders' equity.

Pledge of assets

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

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
PLB licences	44,000	60,720
Property, plant and equipment	25,116	22,972
Investment properties	350	363

Credit risk management

Majority of the income of the Group's franchised PLB operation 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 third parties which would expose the Group to credit risk. The Group is therefore not exposed to any significant credit risk.

Foreign currency risk management

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

Interest rate risk management

The Group's interest rate risk arises primarily from its bank balances, bank borrowings and lease liabilities. All borrowings as at 30 September 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 1.3% (2022: 1.4%) of the total costs (excluding deficit on revaluation of PLB licences and provision for impairment of public bus licences) of the Group for the reporting period. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

Fuel price risk

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

Capital expenditure and commitment

The Group's total capital expenditure for the period was HK\$1,939,000 (2022: HK\$7,405,000), which was mainly for the renovation work carried out at the administrative office. The Group's capital commitment contracted and not provided for was HK\$452,000 (31 March 2023: HK\$865,000).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2023 and 31 March 2023.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Expenses relating to employee benefits incurred for the reporting period were HK\$97,289,000 (2022: HK\$94,963,000), representing 52.0% (2022: 50.8%) of the total costs (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences). The increase in employee benefits expenses was due to the increase in labour costs as explained above. Apart from the basic remuneration, double pay and/or discretionary bonus were also granted to eligible employees with reference to the Group's performance and individual contribution. Other benefits including share option scheme, retirement plans and training schemes were also provided to the staff members. As at 30 September 2023, the headcount of the Group was 1,162 (31 March 2023: 1,178).

Event after the end of reporting period

On 22 August 2023, the independent shareholders of the Company granted their approval to a framework minibus leasing agreement, which was entered into between 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, 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. Pursuant to this arrangement, the Group recognised the right-of-use assets and lease liabilities amounting to approximately HK\$184.2 million respectively on 1 October 2023.

PROSPECT

Though the COVID-19 pandemic ended, the Group's patronage has not yet fully returned to pre-pandemic levels, particularly during evenings peak hour and night time. The management is optimistic that with the Government's ongoing economic stimulus measures and the further resumption of the local economy, the Group's patronage will be further improved in the second half of the year. Furthermore, the management anticipates the general fare increase in some routes, which are expected to be approved in the coming months, would also contribute to the operating revenue growth.

Given the continuous operating pressures from high fuel prices and labor costs, the Group remains committed to internally optimising operating costs. This includes rationalising routes and service schedules after evaluating passenger demand. Our management expertise is dedicated to listening to our passengers and local communities, as we strive to understand their needs and accommodate passenger demand when designing route restructuring plans.

As previously disclosed, the Group has been facing difficulties in recruiting and retaining captains as the society gradually returns to a state of normalcy. To mitigate the impact, the Group has applied for importing captains from Mainland China and such applications have been approved, and we expect the Mainland captains to arrive within the next one to two months. With the upcoming arrival of Mainland captains, the management is confident that service quality can be further enhanced. The addition of skilled and experienced captains from Mainland China will improve the Group's operational capabilities and allow for more efficient and reliable services to be provided to our passengers. The Group is committed to ensuring a smooth transition and integration of the Mainland captains into our workforce. This includes providing comprehensive training programs to ensure they are well-versed in local traffic regulations, driving techniques, and operational procedures. By leveraging the expertise and skills of the Mainland captains, the Group aims to raise the standards of service quality, thereby exceeding passenger expectations and fostering a positive reputation in the industry.

With the rapid expansion of the railway network in Hong Kong over the past decade, the business environment of the minibus industry has become increasingly challenging. The availability of convenient and extensive rail transportation options has altered commuting patterns and posed new challenges to the minibus sector. The Group hopes that, in light of the expanding railway network, the relevant authorities will continue to recognise and support the importance of minibuses in providing essential connectivity and serving areas not directly accessible by railways. The management believes that a balanced and integrated transportation system, which includes collaboration between railways and minibuses, can effectively meet the diverse needs of commuters and ensure efficient and comprehensive public transportation options. The Group remains committed to working closely with the relevant authorities and stakeholders to ensure the continued provision of reliable, accessible, and sustainable transportation solutions for the general public of Hong Kong.

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" of the Listing Rules (the "Code") for the six months ended 30 September 2023.

The Company has adopted a code of conduct regarding securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the six months ended 30 September 2023. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors during the period under review.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 30 November 2023 to review the unaudited condensed consolidated interim financial information and interim results announcement of the Group, and to provide advice and recommendations to the Board.

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

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF DETAILED INTERIM RESULTS

All the financial and other related information of the Company for the six months ended 30 September 2023 which is required to be disclosed under the Listing Rules will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.amspt.com in due course.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 30 November 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