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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) is pleased to 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 2024, together with the unaudited comparative figures for the corresponding period in 2023. 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 2024

	Notes	For the six months ended 30 September	
		2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Revenue	4	201,360	194,597
Direct costs		(166,461)	(161,993)
Gross profit		34,899	32,604
Other revenue	5	4,635	4,772
Other (expenses) / income	5	(449)	20
Administrative expenses		(20,389)	(19,809)
Other operating expenses		(599)	(906)
Operating profit		18,097	16,681
Deficit on revaluation of PLB licences	12	(3,960)	(25,080)
Finance costs	7	(5,407)	(2,379)
Profit / (Loss) before income tax	8	8,730	(10,778)
Income tax expense	9	(1,821)	(1,917)
Profit / (Loss) for the period attributable to equity holders of the Company		6,909	(12,695)
Earnings / (Loss) per share attributable to equity holders of the Company			
- Basic (in HK cents)	11(a)	2.54	(4.67)
- Diluted (in HK cents)	11(b)	2.54	(4.67)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	For the six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Profit / (Loss) for the period	6,909	(12,695)
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of provision for long service payments, net of tax expense of HK\$31,000 (2023: HK\$Nil)	153	-
Total comprehensive income / (expense) for the period	7,062	(12,695)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		42,056	44,063
Investment properties		725	764
Right-of-use assets		122,800	153,552
PLB licences	12	52,140	56,100
Public bus licences		8,100	8,100
Goodwill		22,918	22,918
Deferred tax assets		1,778	2,323
		250,517	287,820
Current assets			
Trade and other receivables	13	7,744	8,570
Tax recoverable		-	21
Bank balances and cash		58,539	57,050
		66,283	65,641
Current liabilities			
Trade and other payables	14	22,127	21,159
Bank borrowings		9,389	9,191
Lease liabilities		61,208	59,868
Provision for long service payments		12,195	13,469
Tax payable		2,323	1,331
		107,242	105,018
Net current liabilities		(40,959)	(39,377)
Total assets less current liabilities		209,558	248,443
Non-current liabilities			
Bank borrowings		99,052	103,816
Lease liabilities		64,281	95,298
Provision for long service payments		7,280	6,695
Deferred tax liabilities		3,760	3,634
		174,373	209,443
Net assets		35,185	39,000
EQUITY			
Share capital		27,191	27,191
Reserves		7,994	11,809
Total equity		35,185	39,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2024

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 provisions of 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 2024.

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 2024, 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 2024 as disclosed in note 3 to this unaudited condensed consolidated interim financial information.

3. Adoption of new and amended HKFRSs

(a) Amended HKFRSs that are effective for annual period beginning on 1 April 2024

In the current interim period, 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 annual period beginning on 1 April 2024 for the preparation of the Group's unaudited condensed consolidated interim financial information:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the 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 new and amended HKFRSs that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 April 2024.

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS Accounting Standards	Annual Improvement to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ 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. Except for HKFRS 18, the new and amended HKFRSs are not expected to have material impact on the condensed consolidated interim financial information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosure of the consolidated financial statements.

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	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Franchised PLB services income	198,007	191,562
Residents' bus services income	3,353	3,035
	201,360	194,597

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 2024 and 2023.

5. Other revenue and other (expenses) / income

	For the six months ended 30 September	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Other revenue		
Advertising income	2,250	2,250
Administration fee income	1,210	1,210
Interest income	816	1,014
Properties rental income	27	135
Others	332	163
	4,635	4,772
Other (expenses) / income		
Loss on disposal of property, plant and equipment	(470)	-
Sundry income	21	20
	(449)	20

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 2024 and 2023.

7. Finance costs

	For the six months ended 30 September	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Interest expenses on bank borrowings	1,891	2,133
Finance charges on lease liabilities	3,516	246
	5,407	2,379

8. Profit / (Loss) before income tax

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

	For the six months ended 30 September	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Fuel cost in direct costs	33,841	31,380
Employee benefits expense (including directors' emoluments)	100,077	97,289
Lease charges on short term leases	422	165
Depreciation of right-of-use assets	31,429	32,272
Depreciation of property, plant and equipment	3,600	3,347
Depreciation of investment properties	39	14
Loss on disposal of property, plant and equipment (note 5)	470	-

9. Income tax expense

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 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 2023.

	For the six months ended 30 September	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Current tax	1,181	796
Deferred tax	640	1,121
Total income tax expense	1,821	1,917

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 2024 and 2023.

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

	For the six months ended 30 September	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Special dividend of HK4.0 cents (2023: Nil) per ordinary share	10,877	-
No final dividend (2023: final dividend of HK9.0 cents per ordinary share)	-	24,472
	10,877	24,472

At the Board meeting held on 27 June 2024, the Board resolved to declare a special dividend of HK4.0 cents (2023: final dividend of HK9.0 cents) per ordinary share in respect of the year ended 31 March 2024, totaling HK\$10,877,000 (2023: final dividend of HK\$24,472,000), which was paid out of the share premium account under reserves of the Company, as approved by the shareholders of the Company at the annual general meeting held on 29 August 2024.

11. 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\$6,909,000 (2023: loss of HK\$12,695,000) and on the weighted average number of 271,913,000 (2023: 271,913,000) ordinary shares in issue during the period.

(b) Diluted earnings / (loss) per share

Diluted earnings per share is the same as basic earnings per share for the six months ended 30 September 2024, 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.

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.

12. PLB licences

	2024 HK\$'000	2023 HK\$'000
As at 1 April (Audited)	56,100	91,080
Deficit on revaluation charged to condensed consolidated income statement	(3,960)	(25,080)
As at 30 September (Unaudited)	52,140	66,000

The fair value of a PLB licence dropped to HK\$790,000 as at 30 September 2024 (31 March 2024 (audited): HK\$850,000). 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 2024.

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 2024 (Unaudited)	-	52,140	-	52,140
As at 31 March 2024 (Audited)	-	56,100	-	56,100

During the six months ended 30 September 2024 and 2023, there were no transfers between Level 1 and Level 2.

13. Trade and other receivables

	As at 30 September 2024 Unaudited HK\$'000	As at 31 March 2024 Audited HK\$'000
Trade receivables – gross	2,220	4,433
Less: Expected credit losses (“ECL”) allowance	-	-
Trade receivables – net	2,220	4,433
Other receivables – gross	1,123	839
Less: ECL allowance	-	-
Other receivables – net	1,123	839
Deposits	631	476
Prepayments	3,770	2,822
	7,744	8,570

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 2024, the Group normally granted a credit term ranging from 0 to 30 days (31 March 2024 (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 2024 Unaudited HK\$'000	As at 31 March 2024 Audited HK\$'000
0 to 30 days	1,906	4,207
31 to 60 days	157	113
61 to 90 days	157	113
	2,220	4,433

14. Trade and other payables

	As at 30 September 2024 Unaudited HK\$'000	As at 31 March 2024 Audited HK\$'000
Trade payables	5,981	5,496
Other payables and accruals	16,146	15,663
	22,127	21,159

During the six months ended 30 September 2024, the Group was granted by its suppliers credit periods ranging from 0 to 30 days (31 March 2024 (audited): 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 30 September 2024 Unaudited HK\$'000	As at 31 March 2024 Audited HK\$'000
0 to 30 days	5,981	5,496

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDENDS

The Group recorded a profit for the six months ended 30 September 2024 of HK\$6,909,000, a significant improvement compared to a loss of HK\$12,695,000 same period last year. The financial turnaround was primarily due to a substantial decrease in the deficit on revaluation of Public Light Bus ("PLB") licences for the period, which fell approximately by 84.2% to HK\$3,960,000 compared with that of HK\$25,080,000 same period last year. The pace of devaluation of PLB licences slowed down during the period under review.

Excluding the impact of the revaluation of PLB licences, the profit for the period was HK\$10,869,000, representing a decrease of 12.2% or HK\$1,516,000 compared with same period last year (2023: HK\$12,385,000). The decrease was mainly due to the increase in finance charges on lease liabilities for the period by HK\$3,270,000 or around 13.3 times to HK\$3,516,000 (2023: HK\$246,000), which was primarily due to an addition of lease liabilities amounting to around HK\$184 million recognised on 1 October 2023 under a three-year minibus leasing agreement entered into between the Group and the connected parties to renew the minibus leasing arrangement.

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024 (2023: no interim dividend was declared).

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

- According to the transport figures published by the Transport Department, during the five months ended 31 August 2024, there was a 0.6% increase in patronage of the green minibus sector of Hong Kong compared with same period last year. The Group's franchised PLB services experienced a comparable rise, with the patronage for the period increased by around 0.6% to around 27,684,000 compared with same period last year (2023: 27,528,000). While the arrival of the first batch of Mainland captains helped alleviate the labour shortage on a few routes, the number was limited. As a result, the Group continues to face challenges with the loss and aging of captains, which has limited its ability to increase service frequency. Consequently, the total mileage travelled for the period was around 16.6 million kilometers (2023: 16.5 million kilometers) during the period, representing a 0.6% increase compared to that of last period.
- There was no change in the fleet size of the Group during the period. As at 30 September 2024, the PLB fleet size remained at 354 (31 March 2024 and 30 September 2023: 354) and the number of PLB routes increased to 73 (31 March 2024 and 30 September 2023: 72). The number of residents' buses routes and its fleet size operating by the Group also remained at four (31 March 2024 and 30 September 2023: four) and seven (31 March 2024 and 30 September 2023: seven) respectively as at 30 September 2024. During the period, there were two aged PLBs replaced during the period (2023: Nil). As at 30 September 2024, the Group deployed 276 19-seat PLBs (31 March 2024: 275; 30 September 2023: 275), representing around 78% of the Group's PLB fleet. The average fleet age slightly increased to 8.1 years (31 March 2024: 7.7 years; 30 September 2023: 7.2 years).

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

	For the six months ended 30 September		Increase/ (Decrease)	In %
	2024	2023		
	HK\$'000	HK\$'000	HK\$'000	
Revenue	201,360	194,597	6,763	3.5%
Other revenue	4,635	4,772	(137)	-2.9%
Other (expenses) / income	(449)	20	(469)	N/A
Direct costs	(166,461)	(161,993)	4,468	2.8%
Administrative expenses	(20,389)	(19,809)	580	2.9%
Other operating expenses	(599)	(906)	(307)	-33.9%
Finance costs	(5,407)	(2,379)	3,028	127.3%
Income tax expense	(1,821)	(1,917)	(96)	-5.0%
Profit for the period before deficit on revaluation of PLB licences	10,869	12,385	(1,516)	-12.2%
Deficit on revaluation of PLB licences	(3,960)	(25,080)	(21,120)	-84.2%
Profit / (Loss) for the period	6,909	(12,695)	19,604	N/A

- During the period, fare rise in 56 routes had been approved and implemented at rates ranging from 4.8% to 14.3% (2023: 5 routes, around 3.8% to 5.3%). The combination of fare increases and a 0.6% rise in patronage resulted in an increase in the franchised PLB and residents' bus services income for the period by 3.5% or HK\$6,763,000 to HK\$201,360,000 (2023: HK\$194,597,000).
- Other expenses for the period primarily consisted of a loss on the disposal of a PLB amounting to HK\$535,000 (2023: Nil).
- The direct costs for the period slightly increased by HK\$4,468,000 or 2.8% to HK\$166,461,000 (2023: HK\$161,993,000) 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 for the period slightly increased, consistent with the rise in mileage travelled. During the period, the average unit prices of diesel and liquefied petroleum gas decreased by 2.0% and increased by 7.9% respectively. As a result, the fuel costs for the period increased by HK\$2,461,000 or 7.8% to HK\$33,841,000 (2023: HK\$31,380,000);
 - 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\$2,781,000 or 3.7% to HK\$77,830,000 (2023: HK\$75,049,000) compared with last period;
 - Depreciation of right-of-use assets in respect of the leased PLBs for the period slightly decreased by HK\$843,000 or 2.6% to HK\$31,429,000 (2023: HK\$32,272,000) because a higher incremental borrowing rate was adopted when recognising the right-of-use assets, upon the renewal of the three-year minibus leasing agreement, that took effect from 1 October 2023. Thus, a smaller amount of right-of-use assets was recognised;

- The R&M costs for the period was HK\$12,951,000 (2023: HK\$12,960,000), similar to same period last year.
- The administrative expenses for the period slightly increased by HK\$580,000 or 2.9% to HK\$20,389,000 (2023: HK\$19,809,000), which was mainly attributable to the administrative costs of importing captains from Mainland, China.
- The breakdown of finance costs for the period is as follow:

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest expenses on bank borrowings (<i>note i</i>)	1,891	2,133
Finance charges on lease liabilities (<i>note ii</i>)	3,516	246
Total finance costs	5,407	2,379

Notes:

- (i) Compared with last period, interest expenses on bank borrowings for the period decreased by around HK\$242,000 or 11.3% to HK\$1,891,000 (2023: HK\$2,133,000), which was mainly due to the decrease in outstanding bank loans balances; and
- (ii) The finance charges on lease liabilities for the period substantially jumped by HK\$3,270,000 or around 13.3 times to HK\$3,516,000 (2023: HK\$246,000), which was primarily due to an addition of lease liabilities amounting to HK\$184,197,000 recognised on 1 October 2023 under a three-year minibus leasing agreement entered into between the Group and the connected parties to renew the minibus leasing arrangement.
- The income tax expense for the period was HK\$1,821,000 (2023: HK\$1,917,000). Excluding 1) the non-deductible effect of the deficit on revaluation of PLB licences of HK\$3,960,000 (2023: HK\$25,080,000), 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 15.7% (2023: 15.6%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2023: 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.
- During the period, the devaluation of PLB licences slowed significantly compared to the same period last year. The fair value of a PLB licence declined by HK\$60,000 or 7.1%, reaching HK\$790,000 as at 30 September 2024 (31 March 2024: HK\$850,000). Consequently, the total carrying value of PLB licences of the Group as at 30 September 2024 fell accordingly to HK\$52,140,000, representing a decrease of HK\$3,960,000 or approximately 7.1% (31 March 2024: HK\$56,100,000). The entire deficit on revaluation of PLB licences totaling HK\$3,960,000 was charged to the Group's condensed consolidated income statement for the period (2023: HK\$25,080,000). 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	
	2024 HK\$'000	2023 HK\$'000
Net cash inflows from operating activities	53,940	54,155
Net cash (outflows) / inflows from investing activities (<i>note i</i>)	(1,247)	9,968
Net cash outflows from financing activities	(51,204)	(65,530)
Net increase / (decrease) in cash and cash equivalents	1,489	(1,407)

Note:

- (i) The net cash outflows from investing activities for the period was HK\$1,247,000 (2023: inflows of HK\$9,968,000), which was mainly for the capital expenditures paid for office renovation and purchase of two new PLBs. The net cash inflows from investing activities for the last period was mainly due to the decrease in time deposit of HK\$10,000,000.

Please refer to the condensed consolidated statement of cash flows of the 2024/25 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.

As at 30 September 2024, the Group's net current liabilities amounted to HK\$40,959,000, compared to HK\$39,377,000 as at 31 March 2024. The current ratio (current assets/current liabilities) was 0.62 times as of 30 September 2024, slightly down from 0.63 times on 31 March 2024. Both the net current liabilities and the current ratio remained at similar levels to those recorded on 31 March 2024.

As at 30 September 2024, the Group had bank balances and cash amounting to HK\$58,539,000 (31 March 2024: HK\$57,050,000). All of the bank balances and cash as at 30 September 2024 and 31 March 2024 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 2024, the Group had banking facilities totaling HK\$175,741,000 (31 March 2024: HK\$180,307,000) of which HK\$108,441,000 (31 March 2024: HK\$113,007,000) was utilised.

Bank borrowings

The balance of the total bank borrowings of the Group decreased by HK\$4,566,000 or 4.0% to HK\$108,441,000 as at 30 September 2024 (31 March 2024: HK\$113,007,000), 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 2024 HK\$'000	As at 31 March 2024 HK\$'000
Within one year	9,389	9,191
In the second year	20,956	21,814
In the third to fifth year	20,386	20,549
After the fifth year	57,710	61,453
	108,441	113,007

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 30 September 2024 was 141.8% (31 March 2024: 143.5%). The slight improvement in the gearing ratio during the period was mainly due to a lower level of borrowings and an increase in bank balances and cash level.

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 2024 HK\$'000	As at 31 March 2024 HK\$'000
PLB licences	28,440	30,600
Property, plant and equipment	18,971	20,572
Investment properties	684	721

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 2024 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 2.8% (2023: 1.3%) of the total costs (excluding deficit on revaluation of PLB 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\$2,805,000 (2023: HK\$1,939,000), which was mainly for the purchase of two new PLBs for replacement use amounting to HK\$1,499,000 and the renovation work carried out at the administrative office. The Group's capital commitment contracted and not provided for was HK\$1,415,000 (31 March 2024: HK\$366,000) which was mainly for the purchase of new PLBs.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2024 and 31 March 2024.

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\$100,077,000 (2023: HK\$97,289,000), representing 51.4% (2023: 52.0%) of the total costs (excluding the deficit on revaluation of PLB licences). Apart from the basic remuneration, double pay and/or discretionary bonus were also granted to eligible employees with reference to the Group's performance and individual contribution. Other benefits including share option scheme, retirement plans and training schemes were also provided to the staff members. As at 30 September 2024, the headcount of the Group was 1,186 (31 March 2024: 1,183).

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2024 (2023: Nil).

PROSPECT

The Group's patronage increased by 0.6% during the review period, reflecting a steady demand. However, we noted a significant decline in weekend and public holiday passenger flow, particularly on once-popular sightseeing and country park routes. This trend indicates stable weekday travel but a reduced interest in leisure services during holidays, driven by post-pandemic shifts in travel habits and an unfavourable macroeconomic environment.

On the cost side, we continue to face unstable fuel prices and challenges from an aging labour force. As experienced captains retire, addressing this gap through recruitment and training is crucial. We are optimistic that the second batch of imported Mainland captains, expected to begin duties in the second half of the financial year, will help alleviate labour shortages and enhance operational capacity, building on the success of the first batch. This importation of labour has improved service delivery and operational efficiency, which is vital given Hong Kong's aging population. We hope the Government will establish a regular foreign captain importation scheme to ensure a stable labour supply for the industry.

The Government's transport policy prioritises railways, making it challenging for minibuses to compete with MTR and franchised buses, limiting our ability to expand our passenger base. While the Group is keen on improving operational efficiency by implementing route restructuring in response to passenger demand, the rising operating costs, particularly the fuel costs and labour expenses, may necessitate a fare increase application in the future.

The Group urges authorities to recognise the essential role of minibuses in providing connectivity to areas not served by railways, especially as the railway network expands. We believe that a balanced transportation system, integrating railways and minibuses, can meet diverse commuter needs and enhance public transport efficiency. In planning major developments like the Northern Metropolis, we hope the Government will consider the vital role of minibus services in Hong Kong's transportation ecosystem. The Group remains committed to collaborating with authorities and stakeholders to ensure accessible and sustainable transport solutions for the public.

CORPORATE GOVERNANCE

The Company has complied with the provisions of the code as set out in Appendix C1 "Corporate Governance Code" of the Listing Rules (the "Code") for the six months ended 30 September 2024.

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 2024. 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.

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 November 2024 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 2024, 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 AND INTERIM REPORT

All the financial and other related information of the Company for the six months ended 30 September 2024 which is required to be disclosed under the Listing Rules will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.amspt.com in due course.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 29 November 2024

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

Prof. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi
Mr. James Mathew Fong