AMS 進智公交

AMS PUBLIC TRANSPORT HOLDINGS LIMITED
進 智 公 共 交 通 控 股 有 限 公 司

(Stock Code 股份代號：77)

連貫中港 **投資未來**

年度報告書
2008/09 Annual Report

Contents

Company Information

Board of Directors
Mr. Wong Man Kit *Chairman*
Ms. Ng Sui Chun
Mr. Chan Man Chun *Chief Executive Officer*
Mr. Wong Ling Sun, Vincent
Dr. Leung Chi Keung*
Dr. Lee Peng Fei, Allen*
Mr. Lam Wai Keung*

* *Independent Non-Executive Directors*

Company Secretary
Miss Wong Ka Yan

Authorised Representatives
Mr. Wong Man Kit
Mr. Chan Man Chun

Audit Committee
Dr. Leung Chi Keung
Dr. Lee Peng Fei, Allen
Mr. Lam Wai Keung

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Hong Kong share registrar and transfer office
Union Registrars Limited
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Town Place, 33 Lockhart Road,
Wan Chai, Hong Kong

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

Legal Advisers
W.K. To & Co.

Auditors
Grant Thornton
Certified Public Accountants

Corporate Profile

AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in operation of green minibus ("GMB") services in Hong Kong and cross-boundary public bus services between Hong Kong and Mainland China.

With over 30 years of experience in the local GMB operation, the Company is one of the leading GMB operators in Hong Kong. Currently, the Company operates 49 GMB routes with 299 GMBs. The GMB fleet is well-equipped with state-of-the-art facilities and the new long wheeled GMBs offer even more spacious seats for the safety and comfort of the passengers. The Company has put every possible effort to make the journeys more enjoyable.

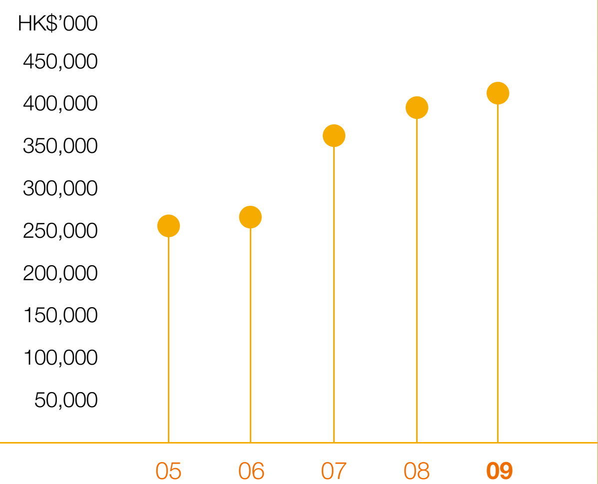
Riding on the expertise in fleet management, the Group has successfully extended its business to the operation of cross-boundary public bus services between Hong Kong and Mainland China through an acquisition in 2006. Services provided include cross-boundary public bus services between Hong Kong and Guangdong province, coach hire as well as Tsuen Wan-Huanggang (of Shenzhen) 24-hour cross-boundary shuttle services ("Tsuen Wan Line") through participating in a jointly controlled entity with fellow operators.

In view of the closer economic and social link between Hong Kong and Mainland China, the Company would, while sustaining growth in the GMB business, dedicate itself to developing the cross-boundary transportation market in the near future.

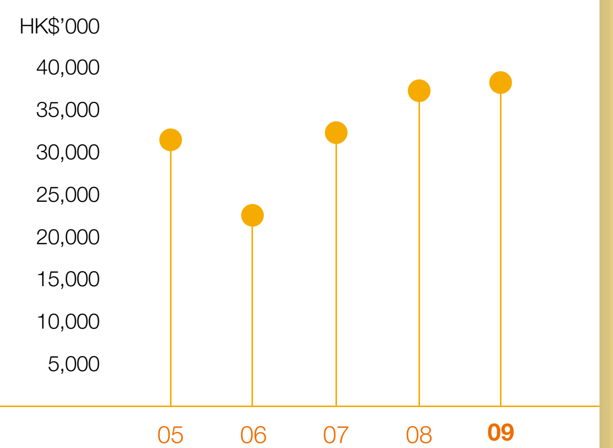
Financial and Operating Highlights

Financial Highlights	Unit	2009	2008	Increase/ (Decrease)%
Turnover:	HK$'000	**424,675**	395,776	7.3%
– Franchised Public Light Buses	HK$'000	**297,545**	290,358	2.5%
– Cross-boundary Public Buses	HK$'000	**127,130**	105,418	20.6%
Segment results:	HK$'000	**54,712**	57,262	(4.5)%
– Franchised Public Light Buses	HK$'000	**32,286**	37,655	(14.3)%
– Cross-boundary Public Buses	HK$'000	**22,426**	19,607	14.4%
Finance costs	HK$'000	**3,387**	6,923	(51.1)%
Profit before income tax	HK$'000	**51,323**	50,330	2.0%
Profit attributable to equity holders of the Company	HK$'000	**39,164**	37,067	5.7%
Basic earnings per share	HK cents	**17.21**	16.29	5.7%
Diluted earnings per share	HK cents	**N/A**	16.28	N/A
Proposed final dividend per ordinary share	HK cents	**10.0**	10.0	–
Total assets	HK$'000	**414,033**	416,537	(0.6)%
Borrowings	HK$'000	**109,005**	125,724	(13.3)%
Shareholders' equity	HK$'000	**233,212**	231,495	0.7%
Net cash inflow from operating activities	HK$'000	**52,642**	56,631	(7.0)%

Turnover



Profit attributable to equity holders of the Company



Financial ratios	Unit	2009	2008
Gross profit margin		**24.4%**	25.5%
Net profit margin		**9.2%**	9.4%
Liquidity ratio (current assets/current liabilities)	Times	**0.77**	0.96
Gearing ratio (total liabilities/shareholders' equity)		**69.8%**	73.3%
Return on equity (profit attributable to equity holders/ shareholders' equity)		**16.8%**	16.0%
Interest cover (operating profit/finance costs)	Times	**16.2**	8.3

Operating highlights	Unit	2009	2008
Franchised PLB service:			
Number of GMBs in service		**299**	299
Number of GMB routes		**49**	49
Number of journeys travelled	million	**3.9**	3.9
– % of the journeys travelled surpassing the total number of scheduled journeys required by Transport Department		**39.4%**	37.9%
Number of passengers carried	million	**53.2**	52.8
Number of accidents (Note 1)	Per million kilometers	**2.2**	2.4
Total mileage operated	million kilometers	**39.1**	38.9
Average fleet age	years	**5.9**	6.5
Cross-boundary public bus service:			
Number of public buses in service		**62**	54
Number of cross-boundary routes (Note 2)		**7**	6
Number of cross-boundary journeys travelled (Note 2)	thousand	**35.7**	19.6
Number of cross-boundary passengers carried (Note 2)	thousand	**925**	435
Number of accidents (Note 1)	Per million kilometers	**0.3**	0.6
Average fleet age	years	**5.1**	4.8

Notes:

(1) The rate refers to accidents involving injury or death

(2) The figures do not include the Tsuen Wan Line

Chairman's Statement

I am pleased to present you the annual results of the Group for the financial year ended 31 March 2009.

Result For The Year

Riding on the fast growing cross-boundary transportation business, and the drop in borrowing interest rate and income tax expense, the Group hit a historical high in both turnover and net profit for the year ended 31 March 2009. Turnover grew by 7.3% to HK$424,675,000 (2008: HK$395,776,000), while the attributable profit rose by 5.7% to HK$39,164,000 (2008: HK$37,067,000) compared with the previous year.

Earnings and Dividends

Basic earnings per share for the year was HK17.21 cents per ordinary share (2008: HK16.29 cents per ordinary share). The Directors recommended a final dividend of HK10.0 cents per ordinary share (2008: HK10.0 cents) for the year ended 31 March 2009 totalling HK$22,750,000 (2008: HK$22,750,000), equivalent to a payout ratio of about 58.1% (2008: 61.4%).

Since the acquisition of the burgeoning but high gearing cross-boundary business during the financial year 2006/07, the Board has foreseen increasing cashflow needs for capital expenditures and loan repayments. Having considered the Group's operating results, cashflows, future plans and the general economic conditions, the board of directors (the "Board") is of the opinion that maintaining the dividend payout ratio at not less than 50% is appropriate. In the absence of any unforeseeable circumstances, the dividend policy will remain unchanged.

Business Review

Franchised Public Light Bus (the "PLB") Operations

During the year, the Transport Department has given green lights in fare increment for 10 routes. Thanks to the combined effect of the growth in patronage by 0.8% and the fare increment, the turnover grew by 2.5% to HK$297,545,000 (2008: HK$290,358,000).

On the costs side, the fuel price still remains the major threat to the PLB business. Although the global financial crisis in the second half year drove the slump of fuel prices, the PLB operating results were still severely hit by the extortionate fuel prices in the first half year. The overall fuel costs for the year increased by 11.6% to HK$59,279,000 (2008: HK$53,096,000) and led to a drop in segment results by 14.3% to HK$32,286,000 (2008: HK$37,655,000).

Cross-boundary Public Bus Operations

The outstanding performance of the cross-boundary public bus operations has proven that the Group had made the right decisions to launch shuttle routes running between Hong Kong and Shenzhen, including the Shenzhen International Airport and Baoan district, (the "Shenzhen Shuttle Routes") via the Western Corridor control point since its commencement in July 2007.

The market competition in the cross-boundary transportation business has become more intense. The income derived from the Tsuen Wan Line dropped owing to intense competition from Lok Ma Chau spur line, and the market downturn has triggered price wars in the long haul routes among fellow operators. Nevertheless, the Shenzhen Shuttle Routes enhanced the total turnover of the cross-boundary public bus operation jumped by 20.6% or HK$21,712,000 to HK$127,130,000 (2008: HK$105,418,000). As a result, the segment results rose by 14.4% to HK$22,426,000 (2008: HK$19,607,000).

Safety Awareness

Safety of the passengers is the primary concern of the Group. As a responsible public transport service provider, the management believes that safety is the cornerstone to business success. In addition to the commitment in upgrading vehicle quality, the Group has implemented comprehensive maintenance programmes to ensure proper checking and maintenance of the vehicles. Furthermore, speed display units were installed in all minibuses to alert the captains and passengers in regarding the car speed.

We are dedicated to the employment of new technology to improve our fleet management. The GPS system had been installed to assist the fleet managers in monitoring the captains' driving behaviors and supplying valuable information upon the occurrence of material accidents.

Our numerous courses and seminars on customer service and road safety to help raising staff's awareness and enhancing work practices continued throughout the year. Some of these courses and seminars were delivered by guest speakers from the Traffic Division of the Hong Kong Police Force.

Furthermore, supported by the Government's Road Passenger Transport Industry Skills Upgrading Scheme, the Group has sent more than 100 captains to attend the advanced training course held by the Hong Kong School of Motoring. To enforce the safety guidelines and cultivate the correct attitude of the captains, the Group has conducted improvised check-up, implemented safety bonus scheme and arranged passengers in disguise to make timely reports against any misbehaviour of the captains. These programmes were designed to minimise the accident rate and we are committed to maintaining a low level of accidents over the years. For the financial year ended 31 March 2009, the accident rate was 2.2 per million kilometers (2008: 2.4 per million kilometers) in the PLB operations and 0.3 per million kilometers (2008: 0.6 per million kilometers) in the cross-boundary bus operations.

Corporate Social Responsibility

Corporate citizenship is the Group's responsibility that has been taken with the utmost seriousness. Over the years, the Group has sponsored various activities organised by different district groups and charities. In addition to financial assistance, the Group and its staff members have been enjoying their commitments to the community services and environmental protection.

During the year, the Group was nominated by Aberdeen Kai-fong Welfare Association and Harmony House and awarded "Caring Company" by The Hong Kong Council of Social Service in recognition of its contributions to community involvement programmes. In addition, to express its support to road safety and community services, the Group has sponsored and sent volunteers to the "Solar Project", organised by Radio Television Hong Kong, and "Southern District's Road Safety Campaign", organised by The Hong Kong Police Force (Western District).

The Group also continued supporting the community through expanding the coverage of our GMB-GMB Interchange (GGI) schemes, offering fare concessions for passengers travelling on longer journeys and the elderly aged over 65 on specific routes. Our operations team closely communicates with districts' or residents' representatives from time to time and responds proactively to passengers' needs.

Sustainability

The Group is dedicated to the protection of the environment and to the development of a better world for our next generation. Since 2002, the Group has been deploying Euro II engine or liquefied petroleum gas ("LPG") minibuses. New Euro IV engine minibuses have been introduced to our minibus fleet since July 2007. Both Euro IV engine and LPG minibuses emit less hydrocarbons and nitrogen oxides, and LPG minibuses can reduce black smoke and suspend particle emissions. Equipped with the most advanced technology in environmental protection, the Euro IV engine meets the latest and stringent emission standards in the world.

To further improve the air quality, the whole fleet adopts Euro V diesel and captains are also required to switch off the engines whenever the minibuses or public buses (except when boarding) are queuing in the depots. Furthermore, for the purpose of environmental protection and fuel saving, the new PLBs will be installed with heat isolation board on the roof of the PLBs for reducing the energy used for the air conditioning.

Prospects

As the franchised PLB service is a kind of necessity to the general public in Hong Kong, our passenger demand remains stable despite the global economic tsunami and the outbreak of swine flu. The main challenge to the franchised PLB operations still rests on the fuel prices. Supposing the fuel prices continue to creep on the current level, we believe the segment results of the franchised PLB operations will rally in the next financial year. While the Group closely monitors the impact of the swing of fuel prices, we will strive to maintain growth by investing resources to enhance fleet efficiency, implementing cost saving plans and will consider applying fare adjustment if the fuel prices hike again.

The cross-boundary public bus operation, on the other hand, targets at business commuters and visitors. As a result of the global economic recession, the sluggish inbound tourism and weak consumer sentiment have dampened the service demand and fuelled the competition in the long haul routes among fellow operators. Coupled with the outbreak of swine flu in Hong Kong since May 2009, the number of tourists visiting Hong Kong dipped by 13.5% compared with the same month last year. Therefore, we anticipate the performance of the Tsuen Wan Line and long haul routes will be under stress in the short run.

The Shenzhen Shuttle Routes are, however, experiencing buoyant growth momentum against the market downturn. Apart from the Shenzhen Shuttle Routes, the Group has taken unprecedented step to cooperate with Shenzhen International Airport in launching the first Shenzhen Airport (Kowloon Station) in-town check-in center (the "In-town Check-in Center") in Hong Kong since October 2007. Tying with the In-town Check-in Center service, the Shenzhen Shuttle Routes have become more popular. Thanks to the promotion of the advantages of traveling from Shenzhen International Airport, more passengers are attracted by its frequent flights schedules, extensive destinations network and cheaper domestic air tickets fares. Grasping this opportunity, we have extended our service portfolio by providing one-stop hotel, air and bus tickets booking service, as well as joining hands with the Mainland airlines to offer budget packages to our customers.

With the Group's strong revenue stream and our dedicated management team, we have identified a number of business opportunities ahead. We believe the closer social and economic connection between the Mainland China and Hong Kong, the advancement of highways network in Guangdong province and the liberalisation of Individual Visit Scheme will be the catalyst to the market growth, and our cross-boundary public bus operations will be spearheading our business. To cope with the market growth, we have ordered 9 new public buses for replacement and deployment in the coming year.

Looking ahead, to cope with the future challenges and opportunities, we would be keen to improve the operational efficiency through technological enhancement and fleet optimisation by increasing the capacity and upgrading the bus quality. The Group is committed to exploring further business opportunities to bring robust returns to our shareholders.

Appreciation

On behalf of the Board, I would like to take this opportunity to extend my heartfelt gratitude to our passengers, business partners, associates as well as our shareholders for their continuous support and confidence in the Group. Of course, our sincere appreciation must also be extended to our employees for their invaluable dedication to the Group in the past year.

Wong Man Kit
Chairman
Hong Kong, 22 July 2009

Management Discussion and Analysis

Review of Operations

Franchised Public Light Bus Operations

The demand of local green minibus ("GMB") market remained stable, the number of passengers carried in the GMB sector grew by 3.3% during the year ended 31 March 2009. Same as other transport operators, year 2008 was the most difficult year because the international fuel prices surged drastically to a record high at US$147 per barrel. Although the global financial crisis later on in the second half year drove the slump of fuel prices, the franchised PLB operating results were severely hit by the extremely high fuel prices in the first half year. The overall average diesel unit price applied to the franchised PLB operations jumped by 10.9% compared with last year.

During the year, no new route was introduced and the number of routes operated by the Group maintained at 49 (2008: 49) as at 31 March 2009. The fleet size was also maintained at 299 GMBs (2008: 299 GMBs). The patronage grew by 0.8% to 53.2 million (2008: 52.8 million) during the year, whilst the total mileage traveled remained at around 39.1 million kilometers (2008: 38.9 million kilometers). Due to the approval of fare increment in 10 routes granted by the Transport Department and the patronage growth, the turnover for the franchised PLB operations went up by 2.5% to HK$297,545,000 (2008: HK$290,358,000).

The Group has put great efforts in enhancing the service quality and efficiency in the franchised PLB operations. As a leading GMB route operator, the Group is committed to rendering safe and comfortable transport services to our passengers. As at 31 March 2009, 196 long-wheel base minibuses came into service which offered extra space to passengers. These long-wheel base minibuses were equipped with state-of-the-art facilities, such as LED destination displays, speed display units, high-back seats, stop signal bells, luggage racks, skidproof floors etc. Our average fleet age was down to 5.9 years compared with 6.5 years as at 31 March 2008.

We will leverage our strengths to provide feeder services and point-to-point services to supplement the railway services, and grow along with the development of the local transportation network.

Cross-boundary Public Bus Operations

As at 31 March 2009, the Group operated 4 long-haul cross-boundary routes (2008: 4 routes) between Hong Kong and Guangzhou, Foshan, Yunfu and Wuzhou. Together with the Shenzhen Shuttle Routes, the public bus fleet provided passengers with about 35,700 journeys (2008: 19,600 journeys) and carried about 925,000 passengers (2008: 435,000 passengers) during the year.

Unlike the stable GMB market, the cross-boundary public bus industry is developing at a rapid rate. Opportunity comes alongside with the further extension of Individual Visitor Scheme of the Mainland China and closer social and economic relationship between Hong Kong and the Mainland China in recent years. Following the completion of the new Western Corridor control point, the Group foresaw the shift of visitor flow to the western area of Shenzhen owing to the more convenient immigration clearance. Furthermore, as the Western Corridor shortens the traveling time from Hong Kong to the western area of Shenzhen, it becomes more attractive and popular to travel via the Shenzhen International Airport.

In order to seize this opportunity, the Group launched the Shenzhen Shuttle Routes and took an unprecedented step to cooperate with Shenzhen International Airport to set up the In-town Check-in Center for providing in-town check-in service in Hong Kong in October 2007. The results for the year proved that it was a sound business decision. During the year under review, the number of visitors traveling via the Western Corridor control point reached 13,717,000 while that of Lok Ma Chau control point reduced by 9,152,000 or 20.0% to 36,592,000 when compared with last year.

While the Shenzhen Shuttle Routes are expanding on one hand, the Tsuen Wan Line has been affected by the shift of visitors flow to the Western Corridor on the other hand. Also, since the opening of the Lok Ma Chau spur line in August 2007, the Tsuen Wan Line has been facing even more intense competition. However, increased economic activities between Hong Kong and the Mainland China as well as the extension of the Individual Visit Scheme to more Mainland cities are expected to generate new and higher demand for the Tsuen Wan Line and the long haul routes.

Management Discussion and Analysis

Sharing the same mission of providing passengers with fast, convenient and comfortable journeys as the franchised PLB operations, the Group maintains a young public bus fleet with an average age of 5.1 years (2008: 4.8 years). As at 31 March 2009, the number of public buses operated by the Group was 62 (2008: 54), of which 1 (2008: 2) was locally operated public bus and the remaining were for cross-boundary operations.

Although the cross-boundary public bus enjoys a relatively lower fuel price in the Mainland China, the surging fuel prices still pose a burden to the cost of operations. During the year, the average unit diesel price applicable to the cross-boundary public bus operation surged by 21.1%. The Group will continue to maintain strict cost-control and energy efficient measures to relieve the impact from the rising operation costs.

During the year, the Group acquired 100% of equity interests and the subsisting shareholders' loan of Yuk Fai Bus Of Travel Limited, which engages in the provision of cross-boundary transportation services, at a consideration of HK$3,205,000. The Group will continue to seek acquisition opportunities to strengthen its fleet capacity, as well as to look for synergies from acquiring or cooperating with fellow operators.

Financial Review

Consolidated results for the year

During the financial year under review, the Group's turnover grew by 7.3% or HK$28,899,000 to HK$424,675,000 (2008: HK$395,776,000). Although the drop in operating profit of the franchised PLB operations caused the decrease in total operating profit by HK$2,550,000 to HK$54,712,000 (2008: HK$57,262,000), the decrease in finance costs contributed to the increase of profit before income tax by HK$993,000 to HK$51,323,000 (2008: HK$50,330,000). As a result, the profit attributable to equity holders of the Company was HK$39,164,000 (2008: HK$37,067,000), representing a growth of 5.7%. Basic earnings per share were HK17.21 cents compared with HK16.29 cents last year.

	Turnover		Operating profit	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Franchised PLB operations	**297,545**	290,358	**32,286**	37,655
Cross-boundary public bus operations	**127,130**	105,418	**22,426**	19,607
	424,675	395,776	**54,712**	57,262
Finance costs			**(3,387)**	(6,923)
Share of results of a jointly controlled entity			**(2)**	(9)
Profit before income tax			**51,323**	50,330
Income tax expense			**(8,558)**	(10,840)
Minority interest			**(3,601)**	(2,423)
Profit attributable to equity holders of the Company			**39,164**	37,067

Franchised Public Light Bus Operations

The turnover of the franchised PLB operations grew by 2.5% or HK$7,187,000 to HK$297,545,000 (2008: HK$290,358,000) during the year, as a result of fare increment in 10 minibus routes approved by the Transport Department and the growth of patronage.

Nevertheless, the segment profit dropped by HK$5,369,000 to HK$32,286,000 for the year ended 31 March 2009 compared with HK$37,655,000 in 2008, reflecting the impact of high fuel cost in the first half year and other inflating operating expenses such as repair and maintenance costs and labour costs.

It is worth noting that the fuel cost had dropped significantly since the global economic crisis in August 2008. As a result, the segment profit rebounded to HK$22,606,000 in the second half year compared with HK$9,680,000 in the first half year.

Cross-boundary Public Bus Operations

Like the local franchised PLB segment, the cross-boundary public bus operations also suffered from the adverse impact caused by the high fuel cost. Also, the continuous drop in the Tsuen Wan Line patronage mainly caused by the competition of Lok Ma Chau spur line posed a threat to the cross-boundary public bus operations result.

On the other hand, the popularity of the Shenzhen Shuttle Routes was setting the stage for expansion of the cross-boundary public bus segment. Despite the high fuel costs, the Shenzhen Shuttle Routes drove the cross-boundary operation segment revenue soaring by 20.6% or HK$21,712,000 to HK$127,130,000 (2008: HK$105,418,000) during the year under review, resulting in an increase of HK$2,819,000 or 14.4% growth in segment profit to HK$22,426,000 (2008: HK$19,607,000).

Finance costs

Finance costs fell by HK$3,536,000 or 51.1% to HK$3,387,000 (2008: HK$6,923,000) for the year ended 31 March 2009 mainly due to the sustained low interest rate in the financial market during the year.

Income tax expense

Income tax expense for the year was HK$8,558,000 (2008: HK$10,840,000). The effective tax rate for the year was 16.7% (2008: 21.5%).

Cash flow

	2009 HK$'000	2008 HK$'000
Net cash from operating activities	**52,642**	56,631
Net cash used in investing activities	**(6,935)**	(5,086)
Net cash used in financing activities	**(41,584)**	(46,491)
Net increase in cash and cash equivalents	**4,123**	5,054

Since the operating profit for the year dropped by 4.5% to HK$54,712,000 (2008: HK$57,262,000), the net cash inflow from operating activities of the Group decreased correspondingly by 7.0% to HK$52,642,000 (2008: HK$56,631,000). The net cash outflow from investing activities was HK$6,935,000 (2008: HK$5,086,000), which increased by HK$1,849,000 compared with 2008 mainly because of the payment of HK$1,606,000 for the acquisition of a subsidiary. The net cash outflow from financing activities was HK$41,584,000 (2008: HK$46,491,000). The outflow was mainly for the repayment of bank borrowings (excluding bank overdrafts) of HK$17,994,000 and dividends of HK$22,750,000 paid to the shareholders of the Company.

Capital Structure, Liquidity and Financial Resources

Liquidity and financial resources

The Group's operations were mainly financed by proceeds from operations in this financial year. In terms of liquidity, the current ratio (current assets/current liabilities) dropped to 0.77 times as at the year-end date compared with 0.96 times as at 31 March 2008. It was mainly attributable to the increase of current portion of bank borrowings by HK$9,947,000 and other current liability of HK$9,000,000 for the extension of a subsidiary's operation period as at 31 March 2009.

As at 31 March 2009, the gearing ratio of the Group (defined as the ratio of total liabilities to shareholders' equity) improved to 69.8% (2008: 73.3%), mainly due to the repayment of bank borrowings (excluding bank overdrafts) of HK$17,994,000 during the year.

Borrowings

The borrowings balance decreased to HK$109,005,000 (2008: HK$125,724,000). There was no inception of borrowings during the year and the decrease of the borrowings balance was due to the scheduled loans repayment.

Cash and bank deposits

As at 31 March 2009, the cash and bank deposits of the Group increased to HK$38,524,000 (2008: HK$33,968,000). About 81% (2008: 84%) of the cash and bank deposits were denominated in Hong Kong dollars, the remaining in Renminbi and Macau Patacu.

Banking facilities

As at 31 March 2009, the Group had banking facilities totaling HK$125,849,000 (2008: HK$137,945,000) of which approximately HK$108,073,000 (2008: HK$125,497,000) were utilised.

Credit risk management

The income of the franchised PLB operation of the Group is either received in cash or collected by Octopus Cards Limited and remitted to the Group on the next business day, thus, the operation does not have any significant credit risk.

For the cross-boundary public bus operation, the income is mainly collected on credit basis. The Group normally grants a credit term ranging from 0 to 30 days to customers and the debt collection progress is monitored on an ongoing basis. Since the Group has implemented stringent credit control policy and the customer base is rather diverse, there is no significant concentration of credit risk.

Foreign currency risk management

The Group is exposed to foreign exchange risk, although not significant as the majority of the income and expenditures of the Group are denominated in Hong Kong dollars, arising mainly from conversion from Renminbi.

Although conversion of Renminbi into foreign currencies is subject to rules and regulations of foreign exchange of the PRC government, the management considers that the overall exposure to foreign exchange risk is minimal. Nevertheless, the Group plans to collect part of the cross-boundary public bus income in Renminbi to cover the foreign exchange risk relating to the appreciation of the Renminbi operating expenses through natural hedging.

Interest rate risk management

As for financing activities, all borrowings for the financial year ended 31 March 2009 were denominated in Hong Kong dollars and the majority of them were on a floating interest rate basis. The practice effectively eliminated the currency risk and the management is of the view that the Group is not subject to significant interest rate risk.

Pledge of assets

The pledged assets are as follows:

	As at 31 March 2009 HK$'000	As at 31 March 2008 HK$'000
Leasehold land	**1,396**	5,169
PLB licences	**45,520**	51,200
Property, plant and equipment	**41,155**	51,184
Trade and other receivables	**9,879**	5,820
Bank balances and cash	**14,174**	6,892
Other assets	**1,386**	1,801

Capital expenditure and commitment

During the year, the total capital expenditure was HK$7,973,000 (2008: HK$8,276,000). The amount was mainly for the purchase of 6 public buses of HK$5,828,000 (2008: HK$5,374,000). As at 31 March 2009, capital commitment contracted and not provided for increased to HK$15,567,000 (2008: HK$2,582,000) owing to the purchase of 9 public buses for replacement and deployment to meet the market demands.

Employees and remuneration policies

Since the minibus and cross-boundary public bus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses incurred for the year were HK$143,946,000 (2008: HK$137,012,000), representing 37.1% (2008: 37.6%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus might be granted to eligible employees with reference to the Group's performance and individual's contribution. Other benefits include share option scheme, retirement plan and training schemes.

The headcounts of the Group are as follows:

	As at 31 March 2009	As at 31 March 2008
Captains	**1,011**	939
Administrative staff	**242**	226
Technicians	**50**	48
Total	**1,303**	1,213

Subsequent events

On 16 July 2009, the Group has entered into a share purchase agreement with an independent third party to acquire 100% equity interest of Wai Lok Tours and Coach Company Limited ("Wai Lok"), which engages in the provision of cross-boundary transportation service between Hong Kong and Guangdong province (the "Acquisition"). The consideration is approximately HK$4,153,000. The Acquisition is expected to be completed by the end of August 2009.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance and devotes considerable effort to identifying and formalising best practices of corporate governance. Save for those disclosure in the section "Securities Transactions" below, the Company has complied with all the code provisions set out in Appendix 14 "Code on Corporate Governance Practices" (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2009. The Company has also set up corporate governance practices to meet some of the recommended best practices in the Code. This report describes how the Company has applied the principles of the Code.

The Board of Directors

The Board is chaired by Mr. Wong Man Kit (the "Chairman"). The Board comprises three Independent Non-Executive Directors and four Executive Directors. All Independent Non-Executive Directors bring a variety of experience and expertise to the Company.

The Board has appointed four Board Committees, namely Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee, to oversee different areas of the Company's affairs. The composition of the Board and the Board Committees are set out below and their respective responsibilities are discussed in this report. The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, material or connected transactions, director appointments or re-appointments, and dividends and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Executive Committee. The Executive Committee comprises the four Executive Directors and is fully accountable to the Board. The Company maintains appropriate directors' and officers' liabilities insurance.

The members of the Board are responsible for preparing the financial statements of the Company and of the Group. The financial statements are prepared on a going concern basis and give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009, and of the Group's profit and cash flow for the year then ended. In preparing the financial statements for the year ended 31 March 2009, the members of the Board have made reasonable judgments and estimates and selected appropriate accounting policies and, apart from those new and revised accounting policies as disclosed in the notes to the financial statements for the year ended 31 March 2009, have applied the policies consistently with the previous financial year.

Regular Board meetings are scheduled in advance to facilitate fullest possible attendance. The Company Secretary assists the Chairman in setting the agenda of Board meetings. Notices of Board meetings, including proposed agenda, are sent to the Directors at least 14 days before the meeting date and each Director is invited to present any businesses that he wishes to discuss or propose at such meetings. Finalised agenda and Board papers are normally circulated to all Directors 7 days before the Board meetings to ensure timely access to relevant information. The Board agreed to seek independent professional advice at the expense of the Company, upon reasonable request and the approval from all Independent Non-Executive Directors. Draft and final versions of minutes are circulated to all Directors for comments. The Company held 4 regular full Board meetings in financial year 2008/09.

Attendance of the regular full Board meetings are as follows:

Executive Directors: Mr. Wong Man Kit, Chairman (4/4), Ms. Ng Sui Chun (4/4), Mr. Chan Man Chun, Chief Executive Officer (the "CEO") (4/4) and Mr. Wong Ling Sun, Vincent (4/4);

Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (4/4), Dr. Leung Chi Keung (4/4) and Mr. Lam Wai Keung (4/4).

The Board members have no financial, business, family or other material/relevant relationships with each other save that Ms. Ng Sui Chun is the spouse of the Chairman, and Mr. Wong Ling Sun, Vincent is the son of the Chairman and Ms. Ng Sui Chun. When the Board considers any proposal or transaction in which a Director has a conflict of interest, such director declares his interest and is required to abstain from voting. Each of the Independent Non-Executive Directors has confirmed in writing his independence from the Company in accordance with the guidelines on director independence of the Listing Rules. On this basis, the Company considers all Independent Non-Executive Directors to be independent.

All Directors disclose to the Board on their first appointment their interests as director or otherwise in other companies or organisations and such declarations of interests are updated semi-annually. Biographical details of the Directors of the Company as at the date of this report are set out on pages 20 to 21 of this report.

Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders.

The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

Appointment and Re-election of Directors

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

Directors who are appointed by the Board must retire at the first annual general meeting after their appointment. A Director who retires in this way is eligible for election at that annual general meeting, but is not taken into account when deciding which and how many Directors should retire by rotation. In either case, the Directors so elected and appointed are eligible for re-election and re-appointment.

At each annual general meeting of the Company, one third of the Directors (or, if the number of Directors is not divisible by three, such number as is nearest to and less than one third) must retire as Directors by rotation. Currently, all Independent Non-Executive Directors are appointed on a term of three years.

Chairman and Chief Executive Officer

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

The posts of Chairman and CEO are distinct and separate. The Chairman is responsible for chairing and managing the operations of the Board, as well as monitoring the performance of the CEO and other Executive Directors. Apart from ensuring that adequate information about the Company's business is provided to the Board on a timely basis, the Chairman also ensures that the Independent Non-Executive Directors make an effective contribution at Board meetings. The CEO is responsible to the Board for managing the business of the Company.

Executive Committee

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

Remuneration Committee

The Remuneration Committee is chaired by an Independent Non-Executive Director, Dr. Lee Peng Fei, Allen and comprises two other Independent Non-Executive Directors, Dr. Leung Chi Keung and Mr. Lam Wai Keung.

The principal responsibilities of the Remuneration Committee include formulating a remuneration policy and practices that facilitate the employment of top quality personnel, recommending to the Board on the policy and structure for all remuneration of Directors and senior management and reviewing and approving performance-based remuneration by reference to the Company's goals and objectives. No Director or any of his associates is involved in deciding his own remuneration. The remuneration package of Director includes salary, bonus, pensions, medical and life insurance benefits. The remuneration level is determined by reference to the expertise and experience possessed by each Director and his performance. Bonus is given on a discretionary basis except for the bonus payable to the CEO, Mr. Chan with reference to the Group's performance pursuant to the supplemental service agreement entered into on 19 March 2007 between him and the Company. Please refer to note 16 to the financial statements for the emoluments of each Director.

In the financial year 2008/09, the Remuneration Committee held one meeting. In accordance with its terms of reference, the Remuneration Committee performed the following work during the year:

- Reviewed the Company's policy and structure for all remuneration of Directors and senior management and made recommendation;
- Reviewed and approved the remuneration packages of Directors and senior management;
- Reviewed and approved performance-based remuneration by reference to corporate goals and objectives resolved by the Board; and
- Reviewed the transactions between the Company and the Directors, or any interest associated with the Directors, to ensure the structure and the terms of the transactions comply with the relevant laws and are appropriately disclosed.

The attendance of the meeting was as follows: Dr. Lee Peng Fei, Allen (1/1), Dr. Leung Chi Keung (1/1) and Mr. Lam Wai Keung (1/1).

Audit Committee

The Audit Committee is responsible to the Board and consists of the three Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen, Dr. Leung Chi Keung, and Mr. Lam Wai Keung. The Audit Committee is chaired by Mr. Lam Wai Keung.

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

The Audit Committee held three meetings during the year, the attendance of which was as follows: Mr. Lam Wai Keung (3/3), Dr. Lee Peng Fei, Allen (3/3) and Dr. Leung Chi Keung (3/3).

Nomination Committee

The Nomination Committee is chaired by an Independent Non-Executive Director, Dr. Leung Chi Keung and comprises the two other Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen and Mr. Lam Wai Keung. The Nomination Committee nominates and recommends to the Board candidates for filling vacancies in the Board. It also identifies and nominates qualified individuals, who are expected to have such expertise to make a positive contribution to the performance of the Board, to be additional Directors or fill Board vacancies as and when they arise.

Even though there was no new Director appointed, the Nomination Committee held a meeting during the financial year to review the structure, size and composition of the Board. The attendance of which was as follows: Dr. Leung Chi Keung (1/1), Dr. Lee Peng Fei, Allen (1/1) and Mr. Lam Wai Keung (1/1).

External Auditors

The external auditors are primarily responsible for auditing and reporting on the annual financial statements. For the financial year ended 31 March 2009, the total remuneration paid or payable to the external auditors was HK$1,213,000, being HK$996,000 for audit and HK$217,000 for tax related services.

Internal Control and Internal Audit

The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives. The Group does not have internal audit department. The internal audit function has been outsourced to a professional accountancy firm (the "Internal Auditor") as selected by the Audit Committee. The Internal Auditor is independent of the Group and conducts special audits of areas of concern identified by the Audit Committee annually.

The Internal Auditor reports to the Audit Committee directly and the members of the Audit Committee have free and direct access to the head of the Internal Auditor without reference to the Chairman or management. The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. For the year under review, the Board considers that the Company's internal control system is adequate and effective and the Company has complied with the code provisions on the internal control of the Code.

Securities Transactions

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees (as defined in the Code) (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. A copy of the Securities Code has been sent to each Director of the Company. Also, formal written notices are sent to the Directors as a reminder that the Directors cannot deal in the securities and derivatives of the Company during the period of 30 days and 60 days immediately preceding the date of the publication of the Company's half-yearly results and annual results respectively and until after such results have been published.

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

Having made specific enquiries, except for Ms. Ng Sui Chun, all Directors have confirmed that they have complied with the required standard set out in the Securities Code and Model Code throughout the financial year under review. Ms. Ng Sui Chun had inadvertently breached the Model Code as she acquired 60,000 shares of the Company at a total consideration of HK$69,000 on 19 November 2008, the first day of the black-out period. In view of the breach, the Company has reminded all Directors again the importance of complying with the Model Code.

Directors' interests as at 31 March 2009 in the shares in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) are set out on pages 26 to 28.

Investor Relations

The Company continues to enhance relationships and communication with its investors. Detailed information about the Company's performance and activities is provided in the annual report and the interim report which are sent to shareholders. The Company maintains close communications with investors, analysts, fund managers and the media by individual interviews and meetings. The Group also responds to requests for information and queries from the investors in an informative and timely manner.

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

Directors and Senior Management Profile

Directors

Executive Directors

Mr. Wong Man Kit, MH, FCILT, aged 67, is one of the founders of the Group and the Chairman of the Board. Mr. Wong has over 34 years' experience in the operation of public transport business in Hong Kong and is responsible for formulating the overall business strategies and corporate development of the Group. He has been a fellow member of Chartered Institute of Transport in Hong Kong since 2000, and is the chairman of the Hong Kong Scheduled (GMB) Licensee Association, a member of The Chinese General Chamber of Commerce and a co-opted member of Southern District Board. He is also the honorary president of The University of Hong Kong Foundation for Educational Development and Research. He has granted the awards of "Medal of Honour" by the Hong Kong Special Administrative Region ("HKSAR") in 2000 and "Ten Outstanding Young Person Award" by The Hong Kong Junior Chamber of Commerce Ten Outstanding Young Persons Selection in 1981, both in recognition of his outstanding performance and contribution.

Mr. Chan Man Chun, MBA, aged 45, is the CEO and Executive Director of the Group. Mr. Chan is actively involved in the overall business operations and is responsible for the implementation of the corporate strategy of the Group. He graduated from the Hong Kong Polytechnic University and holds an master degree in business administration (MBA) from Brighton University. Mr. Chan is a spokesperson of the Environmental Light Bus Alliance and the Hong Kong Scheduled (GMB) Licensee Association. He is also appointed as a director of Hong Kong Football Association Limited, a co-opted member of the Southern District Board, the vice-chairman of the Southern District South Area Committee and the chairman of the Southern District Football Team. He joined the Group in July 1989 and was appointed as the CEO of the Group on 1 April 2005.

Ms. Ng Sui Chun, aged 58, wife of Mr. Wong Man Kit, is the finance director and one of the founders of the Group. Ms. Ng has been actively involved in the management of the daily operations of the Group for over 27 years and is responsible for the implementation of corporate policy, particularly in the area of finance and administration of the Group. She actively participates in charity activities, including being the chairman of the Aberdeen Women Compassion Association, a committee member of the Association for the Elders of Aberdeen, a member of Zhongshan Overseas Women Association and a committee member of The Tung Wah Group of Hospitals Aberdeen District Committee.

Mr. Wong Ling Sun, Vincent, aged 34, is the son of Mr. Wong Man Kit. Mr. Wong graduated from the University of Winnipeg with a bachelor of arts degree in economics. Prior to joining the Group, he worked for a large smart card system provider company in Hong Kong. He worked for the Group since 2002 and was responsible for monitoring the operation and internal control of the Group. He is currently a member of the Southern District Board. He was appointed as the Executive Director on 16 October 2004. Before that, he was a Non-Executive Director of the Group.

Independent Non-Executive Directors

Dr. Leung Chi Keung, FCILT, OBE, JP, aged 74, is currently the honorary professor and the research supervisor of the Master of Arts in Transport Policy and Planning in the University of Hong Kong. Dr. Leung is also the former president and council member of the Chartered Institute of Logistics and Transport in Hong Kong. He was formerly the director of the Hong Kong Institute of Education, an executive president of the University of Hong Kong SPACE Global College Suzhou, the dean of the Faculty of Arts of the University of Hong Kong, the professor and head of the Department of Geography and Geology in the University of Hong Kong, the chairman of the Transport Advisory Committee, a vice president of the Chartered Institute of Logistics and Transport International (London) and the president of the Chartered Institute of Transport in Hong Kong. He was also a member of the Town Planning Board, the Boundary and Elections Commission and the Land Auction Panel. He was appointed as an Independent Non-Executive Director of the Group in March 2004.

Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP, aged 69, holds an honorary doctoral degree in engineering from the Hong Kong Polytechnic University and an honorary doctoral degree in laws from the Chinese University of Hong Kong. He was formerly a deputy of The 9th & 10th National People's Congress, HKSAR, a member of the Hong Kong Legislative Council from 1978 to 1997, a senior member of the Hong Kong Legislative Council from 1988 to 1991 and a member of the Hong Kong Executive Council from 1985 to 1992. He is also the Independent Non-Executive Director of seven listed companies. He was appointed as an Independent Non-Executive Director of the Group in March 2004.

Mr. Lam Wai Keung, MA, FCCA, HKICPA, aged 39, is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam holds a bachelor degree in social sciences from the University of Hong Kong and a master degree in international business management from the City University of Hong Kong. Mr. Lam has over 10 years working experience in accounting and finance and he is currently the financial controller of Plastec International Holdings Limited. He was appointed as an Independent Non-Executive Director of the Group in March 2004.

Directors and Senior Management Profile

Senior Management of the Group

Miss Wong Wai Sum May, BBA (HRM), MA (TranspPol & Plan), MIHRM (HK), CMILT, aged 33, is the daughter of Mr. Wong Man Kit. Miss Wong is the human resources and deputy finance director of the Group and is responsible for the human resources and financial management of the Group. Prior to joining the Group, Miss Wong worked for a leading international airline company. She holds a master of arts in transport policy and planning from The University of Hong Kong and bachelor of business administration (concentrated in human resources management) from Simon Fraser University in Canada. She received a certificate of international division program in Japanese language and Asian studies in Waseda University in Japan. She is a chartered member of the Chartered Institutes of Logistics and Transport in Hong Kong and an ordinary member of Hong Kong Institute of Human Resources Management in 2005. She joined the Group in September 2003.

Mr. Chan Chung Yee Alan, MBL, MPA, CPA, CPA (Aust), CMA, FCS, FCIS, FHKIoD, AHKIB , MILT , aged 42, is the founder and managing director of Chinalink Express Holdings Limited (together with its subsidiaries, referred as the "Chinalink Group"), which is a non-wholly owned subsidiary of the Group and engages in the provision of cross-boundary public bus service between Hong Kong and Mainland China. Mr. Chan is actively involved in corporate strategy planning and business operations of the Chinalink Group. He graduated from Monash University with master degree in practising accounting & master degree in business law. He is a member of Chinese People's Political Consultative Conference of Yunfu (of Mainland China) and the secretarial general of China Hong Kong Macau Boundary Crossing Bus Association. Before establishing the Chinalink Group, he worked for a listed company of cross-boundary coach industry in Hong Kong for over 10 years. He is currently an independent non-executive director of two listed companies in Hong Kong. In February 2009, Mr. Chan was appointed as a member of the board of review established under the Inland Revenue Ordinance. He joined the Group in June 2006.

Mr. Wong Man Chiu, MSc, aged 46, has been the engineering manager of the Group since 1993. He is responsible for the management of the Group's repair and maintenance centres. He holds a masters degree in computer science from the University of Manchester in England and a bachelor of engineering degree in mechanical engineering with vehicle option from the Hatfield Polytechnic in England. He also obtained a higher certificate in mechanical engineering from the Hong Kong Polytechnic University. He joined the Group in 1993 and is the brother of Mr. Wong Man Kit.

Miss Wong Ka Yan, HKICPA, LLB, aged 32, is the company secretary and head of finance of the Group. She joined the Group in January 2003 and is responsible for the financial control and accounting functions of the Group. She graduated from The Chinese University of Hong Kong with a bachelor degree in business administration (concentrated in general finance) and also holds a bachelor degree in law from the University of London. Miss Wong is an associate member of The Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, she had worked in an international accounting firm in auditing for three years. She was appointed as the company secretary on 26 July 2005.

Mr. Wong Yu Fung, aged 31, is the operation manager of the Group. He holds a bachelor degree in transport and logistics management from RMIT University and a higher diploma in transport studies from the Hong Kong Institute of Vocational Education. Mr. Wong joined the Group in June 2000.

Directors' Report

The Board of the Company is pleased to present the annual report together with the audited financial statements of the Group to the shareholders for the year ended 31 March 2009.

Principal activities

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of PLB transportation services in Hong Kong and cross-boundary public bus services between Hong Kong and Mainland China. Particulars of the Company's principal subsidiaries are set out in note 21 to the financial statements.

Results and dividends

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 38. The Directors recommend the payment of a final dividend of HK10.0 cents per ordinary share (2008: final dividend of HK10.0 cents per ordinary share) in respect of the year, to shareholders on the register of members on 28 August 2009.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in note 32 to the financial statements.

Donations

Charitable donations made by the Group during the year amounted to HK$136,000 (2008: HK$33,000).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

Principal subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2009 are set out in note 21 to the financial statements.

Borrowings

The borrowings of the Group are shown in note 25 to the financial statements.

Share capital

Details of the movements in the share capital of the Company are set out in note 30 to the financial statements.

Distributable reserves

Distributable reserves of the Company as at 31 March 2009 amounted to HK$189,487,000 (2008: HK$186,988,000).

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 94.

Directors

The Directors during the year and up to the date of this report are:

Executive Directors:

Mr. Wong Man Kit
Ms. Ng Sui Chun
Mr. Chan Man Chun
Mr. Wong Ling Sun, Vincent

Independent Non-Executive Directors:

Dr. Leung Chi Keung
Dr. Lee Peng Fei, Allen
Mr. Lam Wai Keung

In accordance with Article 87(1) of the Company's Articles of Association, the three Independent Non-Executive Directors Dr. Lee Peng Fei, Allen, Dr. Leung Chi Keung and Mr. Lam Wai Keung will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The three Independent Non-Executive Directors of the Company have been appointed for periods of a further three years starting from March 2007. Pursuant to Rule 3.13 of the Listing Rules, the Company has received the annual confirmation of independence from the three Independent Non-Executive Directors and the Company considers the Independent Non-Executive Directors to be independent.

Directors' service contracts

All of the contracts of the Executive Directors cover an initial term of three years, and will continue thereafter until terminated by either party giving to the other not less than six months' written notice expiring not earlier than the date of expiry of the initial term.

All Independent Non-Executive Directors are appointed on a term of three years. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

The remuneration of the Directors and the details of the five highest-paid individuals of the Company are set out in note 16 to the financial statements.

Directors' interests in contracts

For the year ended 31 March 2009, some of the Directors had interests in the following contracts with the Group:

(i) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent (together with their family members, collectively referred as the "Wong Family"), all being Executive Directors, were indirectly interested in a minibus leasing agreement entered into between a wholly owned subsidiary of the Company, as lessee and Maxson Transportation Limited ("Maxson"), Hong Kong & China Transportation Consultants Limited ("HKCT") and Glory Success Transportation Limited ("Glory Success") as lessors. The lessors are beneficially owned and controlled by the major shareholders, the Wong Family;

(ii) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, were indirectly interested in a minibus service agreement entered into between a wholly owned subsidiary of the Company as service provider and a company beneficially owned and controlled by the major shareholders, the Wong Family, as service user;

(iii) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, were indirectly interested in motor vehicle repair and maintenance service contracts entered into between a wholly owned subsidiary of the Company as service provider, and six companies beneficially owned and controlled by the major shareholders, the Wong Family or its member(s), as service users;

(iv) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being Executive Directors, were indirectly interested in three management service agreements entered into between a wholly owned subsidiary of the Company and three companies respectively, which are beneficially owned and controlled by the major shareholders, the Wong Family or its member(s); and

(v) Mr. Wong Man Kit and Ms. Ng Sui Chun, all being Executive Directors, were indirectly interested in a settlement system development contract and a web-based sale system agreement entered into between a non-wholly owned subsidiary of the Company and a company which is beneficially owned and controlled by Mr. Wong Man Kit and Ms. Ng Sui Chun.

Save as the aforesaid, none of the Directors had any material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

Directors' interests in competing business

Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent are directors and beneficial owners of Big Three Limited. Big Three Limited is engaged in the provision of public light bus transportation services in Hong Kong, which constitutes a competing business to the Group.

The Board has established procedures to identify any conflict of interests due to the directorships of Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent in Big Three Limited. If conflict of interest arises, Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent will be abstained from voting in the Board. Also, The Wong Family entered into a Deed of Non-Competition dated 22 March 2004, in which the Wong Family irrevocably undertakes to the Company that the Wong Family shall not carry on or be engaged in, concerned with or interested in, directly or indirectly, any transportation related business or investment unless such business or investment have been disclosed and first offered to the Company and rejected by the Company after reviewing by the Independent Non-Executive Directors.

The Group is therefore capable of carrying on its business independently, and at arm's length from the said competing business.

Directors' interests in shares

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

As at 31 March 2009, the interests and short positions of the Directors in the shares and underlying shares in the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which are recorded in the register required to be kept under Section 352 of Part XV of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code were as follows:

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(1) AMS Public Transport Holdings Limited					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	146,070,000	64.21%
	Long position	Beneficial owner	Personal	2,275,000	1.00%
	Long position	Spouse of Ms. Ng Sui Chun	Family	11,447,000	5.03%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	146,070,000	64.21%
	Long position	Beneficial owner	Personal	11,447,000	5.03%
	Long position	Spouse of Mr. Wong Man Kit	Family	2,275,000	1.00%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	146,070,000	64.21%
	Long position	Beneficial owner	Personal	2,275,000	1.00%
Mr. Chan Man Chun	Long position	Beneficial owner	Personal	3,595,000	1.58%
	Long position	Spouse of Ms. Chan Lai Ling	Family	200,000	0.09%
Dr. Lee Peng Fei, Allen	Long position	Beneficial owner	Personal	300,000	0.13%
Dr. Leung Chi Keung	Long position	Beneficial owner	Personal	300,000	0.13%
(2) Skyblue Group Limited					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	2	100%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	2	100%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	2	100%

Directors' interests in shares (continued)

Directors' interests in the shares and underlying shares of the Company and its associated corporations (continued)

	Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(3)	**Metro Success Investments Limited**					
	Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	100	100%
	Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	100	100%
	Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	100	100%
(4)	**All Wealth Limited**					
	Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	1	100%
	Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	1	100%
	Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	1	100%
(5)	**A.I. International Holdings Limited**					
	Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	6	100%
	Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	6	100%
	Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	6	100%
(6)	**Maxson Transportation Limited**					
	Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	180,000	60%
		Long position	Spouse of Ms. Ng Sui Chun	Family	30,000	10%
	Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
		Long position	Beneficial owner	Personal	30,000	10%
	Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
		Long position	Beneficial owner	Personal	45,000	15%

Directors' interests in shares (continued)

Directors' interests in the shares and underlying shares of the Company and its associated corporations (continued)

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(7) Hong Kong & China Transportation Consultants Limited					
Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	6,000	60%
	Long position	Spouse of Ms. Ng Sui Chun	Family	1,000	10%
Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long position	Beneficial owner	Personal	1,000	10%
Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long position	Beneficial owner	Personal	1,500	15%

Notes:

(a) As at 31 March 2009, a total of 146,070,000 shares in the Company were held by Skyblue Group Limited ("Skyblue"), which is a wholly owned subsidiary of Metro Success Investments Limited ("Metro Success"). Metro Success is a wholly owned subsidiary of JETSUN UT Company (PTC) Limited ("JETSUN") (formerly known as "JETSUN UT CO. LTD"), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited ("HSBCITL") as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Man Kit is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Mr. Wong Ling Sun, Vincent and Ms. Ng Sui Chun.

(b) Ms. Ng Sui Chun is one of the discretionary objects of the discretionary trust as mentioned in Note (a) above and she personally held a long position of 11,447,000 shares in the Company as at 31 March 2009.

(c) All Wealth Limited ("All Wealth"), A.I. International Holdings Limited ("AIIH"), Maxson and HKCT (collectively the "Associated Corporations") are associated corporations within the meaning of Part XV of the SFO of the Company by virtue of Metro Success's interests in the entire issued share capital of each of the Associated Corporations. Mr. Wong Man Kit, being the settlor of The JetSun Trust, and Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, being the discretionary objects of The JetSun Trust, are deemed to be interested in all the Associated Corporations.

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

Biographical details of Directors and senior management

Brief biographical details of the Directors and senior management are set out on page 20 to 22.

Management contracts

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

Share option scheme

Pursuant to the written resolution passed by all shareholders of the Company on 22 March 2004, the share option scheme (the "Share Option Scheme") was adopted by the Company.

Summary of the Share Option Scheme

(a) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives for their contribution to the Group.

(b) *Participants of the Share Option Scheme*

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for the shares in the Company (the "Shares"):

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

(ii) any Non-Executive Directors (including Independent Non-Executive Directors) of the Company, any of its subsidiaries or any Invested Entity;

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

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

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

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity, and for the purpose of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of the relevant participants' contribution to the development and growth of the Group.

Share option scheme (continued)

Summary of the Share Option Scheme (continued)

(c) *Total number of Shares available for issue under the Share Option Scheme*

The total number of Shares which may be issued upon exercise of all outstanding options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of the approval of the limit. The Scheme Mandate Limit (as defined below) under the Share Option Scheme was refreshed and renewed by ordinary resolution passed by the shareholders at an extraordinary general meeting held on 25 July 2005 which enabled the grant of further share options to subscribe up to 22,750,000 Shares (the "Scheme Mandate Limit") representing 10% of the Shares in issue as at the said date and at the date of this report.

The Company may seek approval of its shareholders in general meeting to refresh the Scheme Mandate Limit subject to requirements under Chapter 17 of the Listing Rules provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the limit. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time.

(d) *Maximum entitlement of each participant*

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

(e) *Time of exercise of options*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination set out in the Share Option Scheme.

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

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

(g) *Payment on acceptance of option*

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

(h) *Basis of determining the subscription price*

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

Share option scheme (continued)

Summary of the Share Option Scheme (continued)

(i) *Remaining life of the Share Option Scheme*

The Share Option Scheme will continue to be in full force and effect until 14 April 2014 (i.e. 10 years commencing on the date on which the Share Option Scheme becomes unconditional) unless terminated by the Company by resolution in general meeting. After termination, no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

Outstanding share options

Details of the outstanding options of the Company as at 31 March 2009 which have been granted under the Share Option Scheme are as follows:

Name of Directors	Date of grant (d/m/y)	Number of options granted	Period during which rights exercisable (d/m/y)	Exercise price per share of options (HK$)	Outstanding at 1 April 2008	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Outstanding at 31 March 2009
Category 1: Directors (Note 1)									
Mr. Wong Man Kit	8/11/2004	2,000,000	9/11/2004-7/11/2014	1.57	2,000,000	–	–	–	2,000,000
	12/4/2007	275,000	12/4/2007-11/4/2017	1.418	275,000	–	–	–	275,000
In aggregate					2,275,000	–	–	–	2,275,000
Ms. Ng Sui Chun	8/11/2004	2,000,000	9/11/2004-7/11/2014	1.57	2,000,000	–	–	–	2,000,000
	12/4/2007	275,000	12/4/2007-11/4/2017	1.418	275,000	–	–	–	275,000
In aggregate					2,275,000	–	–	–	2,275,000
Mr. Chan Man Chun	8/11/2004	2,000,000	9/11/2004-7/11/2014	1.57	2,000,000	–	–	–	2,000,000
	3/4/2007	275,000	3/4/2007-2/4/2017	1.43	275,000	–	–	–	275,000
In aggregate					2,275,000	–	–	–	2,275,000
Mr. Wong Ling Sun, Vincent	8/11/2004	2,000,000	9/11/2004-7/11/2014	1.57	2,000,000	–	–	–	2,000,000
	12/4/2007	275,000	12/4/2007-11/4/2017	1.418	275,000	–	–	–	275,000
In aggregate					2,275,000	–	–	–	2,275,000
Dr. Lee Peng Fei, Allen	8/11/2004	300,000	9/11/2004-7/11/2014	1.57	300,000	–	–	–	300,000
Dr. Leung Chi Keung	8/11/2004	300,000	9/11/2004-7/11/2014	1.57	300,000	–	–	–	300,000
Total Directors					9,700,000	–	–	–	9,700,000
Category 2: Employees (Note 2)	8/11/2004	4,450,000	9/11/2004-7/11/2014	1.57	4,250,000	–	–	–	4,250,000
Total all categories					13,950,000	–	–	–	13,950,000

Outstanding share options (continued)

Notes:

(1) The closing prices of the Company's share immediately before the date of grant of 8 November 2004, 3 April 2007 and 12 April 2007 were HK$1.56, HK$1.41 and HK$1.41 respectively. All options granted to the Directors were vested immediately on the date of grant.

(2) A total of 4,450,000 options were granted to employees on 8 November 2004. Out of the balance, 2,450,000 options were to be vested in five equal tranches on 8 November 2004, 2005, 2006, 2007 and 2008. The first tranche vested on 8 November 2004 was exercisable on the next business day on 9 November 2004 and up to 7 November 2014. The second, third, fourth and fifth tranches were exercisable when vested and exercisable up to 7 November 2014. The remaining 2,000,000 options were vested on 8 November 2004 and were exercisable on the next business day on 9 November 2004 and up to 7 November 2014.

(3) No option was granted, exercised, lapsed or cancelled during the year ended 31 March 2009.

In respect of the disclosure of value of options and the accounting policy adopted for the options, please refer to note 31 to the financial statements.

Major customers and suppliers

The five largest customers of the Group accounted for less than 30% of the Group's total turnover for the year ended 31 March 2009.

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases

- the largest supplier 9.7% (2008: 11.3%)
- five largest suppliers combined 32.4% (2008: 35.2%)

Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, the Directors, are the directors and beneficial shareholders of the Group's second to fourth largest suppliers.

Connected transactions

Significant related party transactions entered into by the Group during the year ended 31 March 2009, which also constitute connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules, are as follows:

	2009 HK$'000	2008 HK$'000
Continuing:		
PLB hire charges paid to related companies (note a)	**56,414**	55,910
Agency fee income received from related companies (note a)	**2,310**	2,260

Notes:

(a) Pursuant to the Minibus Leasing Agreement dated 18 February 2009 and the Minibus Service Agreement dated 22 March 2004, the PLB hire charges, after deduction of the agency fee, payable to Maxson, HKCT and Glory Success would constitute continuing connected transactions for the Company.

In accordance with paragraph 14A.37 of the Listing Rules, the Directors, including the Independent Non-Executive Directors of the Company, have reviewed and confirmed that:

1. the foregoing continuing connected transactions were entered into:

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

   (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

   (c) in accordance with the respective agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

2. the aggregate amount for the year ended 31 March 2009 payable by the Group under the Minibus Leasing Agreement, after deduction of the agency fee, did not exceed HK$74,000,000 (the "Cap Amount") in accordance with an ordinary resolution passed in the extraordinary general meeting on 21 March 2006.

In accordance with paragraph 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The auditors have reported their factual findings for the selected samples based on the agreed procedures to the Board.

Substantial shareholders

As at 31 March 2009, the following persons (other than the Directors) who have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder		Number of shares/ underlying shares held	Percentage
HSBCITL	(Note a)	146,070,000	64.21%
JETSUN	(Note a)	146,070,000	64.21%
Metro Success	(Note a)	146,070,000	64.21%
Skyblue	(Note a)	146,070,000	64.21%
Cheah Cheng Hye	(Note b)	13,516,000	5.94%
To Hau Yin	(Note b)	13,516,000	5.94%
Hang Seng Bank Trustee International Limited ("HSBTIL")	(Note b)	13,516,000	5.94%
Cheah Company Limited ("CCL")	(Note b)	13,516,000	5.94%
Cheah Capital Management Limited ("CCML")	(Note b)	13,516,000	5.94%
Value Partners Group Limited ("VPGL")	(Note b)	13,516,000	5.94%
Value Partners Limited ("VPL")	(Note b)	13,516,000	5.94%
Value Partners High-Dividend Stocks Fund ("VP-HDSF")	(Note b)	13,516,000	5.94%
HSBC Trustee (Cook Islands) Limited ("HTCIL") (formerly known as Bermuda Trust (Cook Islands) Limited)	(Note c)	13,500,000	5.93%
The Seven International Holdings Limited ("SIHL")	(Note c)	13,500,000	5.93%
The Seven Capital Limited ("SCL")	(Note c)	13,500,000	5.93%

Notes:

(a) As at 31 March 2009, a total of 146,070,000 shares were held by Skyblue, a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBCITL as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL.

(b) As at 31 March 2009, a total of 13,516,000 shares were held by VP-HDSF. Its investment manager is VPL, which in turn is controlled by VPGL. Mr. Cheah Cheng Hye is a founder of a trust, the trustee of which is HSBTIL, which holds 100% interest in CCL, which holds 100% interest in CCML, which in turn holds 35.65% interest in VPGL. Ms. To Hau Yin is the spouse of Mr. Cheah Cheng Hye.

(c) As at 31 March 2009, a total of 13,500,000 shares are held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of BTL. BTL is accustomed and obliged to act in accordance with the discretions or instructions of HSBCITL.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director and chief executive of the Company) who has an interest or a short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2009.

Model code for securities transactions by Directors

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the year ended 31 March 2009. Having made specific enquiries, except for Ms. Ng Sui Chun, all Directors have confirmed that they have complied with the required standard set out in the Securities Code and Model Code throughout the financial year under review. Ms. Ng Sui Chun had inadvertently breached the Model Code as she acquired 60,000 shares of the Company at a total consideration of HK$69,000 on 19 November 2008, the first day of the black-out period. In view of the breach, the Company has reminded all Directors again of the importance of complying with the Model Code.

Sufficiency of public float

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

Audit committee

The Company has an audit committee which was established in accordance with the requirements of the Code on Corporate Governance Practices under the Listing Rules and "A Guide for The Formation of An Audit Committee" 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 committee comprises three Independent Non-Executive Directors and one of them possesses professional qualification in accounting. An audit committee meeting was held on 22 July 2009 to review the Group's annual financial statements and annual results announcement and to provide advice and recommendations to the Board.

Pre-emptive rights

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

Purchase, sale or redemption of the Company's listed securities

During the year ended 31 March 2009, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Auditors

PricewaterhouseCoopers acted as auditors of the Company for the financial year ended 31 March 2006 and resigned on 9 October 2006.

Moores Rowland Mazars were appointed as auditors of the Company on 2 November 2006 and changed their name to Moores Rowland on 1 June 2007. Moores Rowland combined their practice with Grant Thornton on that date.

The accompanying financial statements were audited by Grant Thornton. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Grant Thornton as auditors of the Company.

By Order of the Board

Wong Man Kit
Chairman

Hong Kong, 22 July 2009

Independent Auditors' Report

Grant Thornton
均富

Member of Grant Thornton International Ltd

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

We have audited the consolidated financial statements of AMS Public Transport Holdings Limited (the "Company") set out on pages 38 to 93, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

22 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	7	**424,675**	395,776
Direct costs		**(321,081)**	(294,715)
Gross profit		**103,594**	101,061
Other revenue	8	**5,857**	5,729
Other net income	8	**574**	2,489
Administrative expenses		**(52,294)**	(49,719)
Other operating expenses		**(3,019)**	(2,298)
Operating profit		**54,712**	57,262
Finance costs	9	**(3,387)**	(6,923)
Share of results of a jointly controlled entity		**(2)**	(9)
Profit before income tax	10	**51,323**	50,330
Income tax expense	11	**(8,558)**	(10,840)
Profit for the year		**42,765**	39,490
Attributable to :			
Equity holders of the Company	12	**39,164**	37,067
Minority interest		**3,601**	2,423
Profit for the year		**42,765**	39,490
Dividends	13	**22,750**	22,750
Earnings per share for profit attributable to equity holders of the Company			
– Basic	14(a)	**HK 17.21 cents**	HK 16.29 cents
– Diluted	14(b)	**N/A**	HK 16.28 cents

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	17	**58,937**	63,343
Leasehold land	18	**6,210**	6,363
PLB licences	19	**125,180**	140,800
Goodwill	20	**164,445**	155,024
Interest in a jointly controlled entity	22	**134**	136
Deferred tax assets	33	**85**	182
		354,991	365,848
Current assets			
Trade and other receivables	23	**19,210**	14,705
Amount due from a jointly controlled entity	22	**1,252**	1,665
Tax recoverable		**56**	351
Bank balances and cash	24	**38,524**	33,968
		59,042	50,689
Current liabilities			
Borrowings	25	**28,262**	18,315
Trade and other payables	26	**25,926**	24,990
Current portion of deferred income		**3,785**	1,128
Other financial liability	27	**4,650**	4,650
Other current liability	28	**9,000**	–
Tax payable		**5,452**	3,759
		77,075	52,842
Net current liabilities		**(18,033)**	(2,153)
Total assets less current liabilities		**336,958**	363,695
Non-current liabilities			
Borrowings	25	**80,743**	107,409
Other non-current liability	28	**–**	2,830
Deferred income		**–**	573
Deferred tax liabilities	33	**4,933**	6,079
		85,676	116,891
Net assets		**251,282**	246,804
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	30	**22,750**	22,750
Reserves	32	**210,462**	208,745
		233,212	231,495
Minority interest		**18,070**	15,309
Total equity		**251,282**	246,804

Wong Man Kit
Chairman

Ng Sui Chun
Director

Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	21	**144,154**	144,154
Deferred tax assets		**–**	32
		144,154	144,186
Current assets			
Amounts due from subsidiaries	21	**172,773**	49,435
Other receivables		**109**	134
Bank balances and cash	24	**4,088**	16,734
		176,970	66,303
Current liabilities			
Amounts due to subsidiaries	21	**107,953**	–
Other payables		**367**	230
		108,320	230
Net current assets		**68,650**	66,073
Net assets		**212,804**	210,259
EQUITY			
Share capital	30	**22,750**	22,750
Reserves	32	**190,054**	187,509
Total equity		**212,804**	210,259

Wong Man Kit
Chairman

Ng Sui Chun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Equity attributable to equity holders of the Company				
	Share capital HK$'000	Reserves HK$'000	Sub-total HK$'000	Minority interest HK$'000	Total HK$'000
At 1 April 2008	22,750	208,745	231,495	15,309	246,804
Net gains recognised directly in equity					
– Deficit on revaluation of PLB licences (note 19)	–	(14,910)	(14,910)	–	(14,910)
– Currency translation	–	167	167	–	167
	–	(14,743)	(14,743)	–	(14,743)
Profit for the year	–	39,164	39,164	3,601	42,765
Total recognised income and expenses for the year	–	24,421	24,421	3,601	28,022
Share-based compensation	–	46	46	–	46
Dividends paid to minority interest	–	–	–	(840)	(840)
2008 final dividends (note 13)	–	(22,750)	(22,750)	–	(22,750)
At 31 March 2009	**22,750**	**210,462**	**233,212**	**18,070**	**251,282**
At 1 April 2007	22,750	189,842	212,592	13,411	226,003
Net gains recognised directly in equity					
– Surplus on revaluation of PLB licences (note 19)	–	8,400	8,400	–	8,400
– Currency translation	–	515	515	–	515
	–	8,915	8,915	–	8,915
Profit for the year	–	37,067	37,067	2,423	39,490
Total recognised income and expenses for the year	–	45,982	45,982	2,423	48,405
Share-based compensation	–	221	221	–	221
Dividends paid to minority interest	–	–	–	(525)	(525)
2007 final dividends (note 13)	–	(27,300)	(27,300)	–	(27,300)
At 31 March 2008	22,750	208,745	231,495	15,309	246,804

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Cash generated from operations	38	**64,867**	71,084
Interest received		**182**	790
Interest paid		**(3,387)**	(6,923)
Income tax paid		**(9,020)**	(8,320)
Net cash from operating activities		**52,642**	56,631
Cash flows from investing activities			
Purchase of property, plant and equipment		**(7,140)**	(8,256)
Proceeds from disposal of property, plant and equipment		**1,811**	2,690
Proceeds from sale of passenger service licences		**–**	500
Acquisition of a subsidiary, net of cash and cash equivalents acquired	39	**(1,606)**	–
Purchase of additional interest in a subsidiary		**–**	(20)
Net cash used in investing activities		**(6,935)**	(5,086)
Cash flows from financing activities			
Repayment of borrowings		**(17,994)**	(18,666)
Dividends paid to equity holders of the Company		**(22,750)**	(27,300)
Dividends paid to minority interest		**(840)**	(525)
Net cash used in financing activities		**(41,584)**	(46,491)
Net increase in cash and cash equivalents		**4,123**	5,054
Cash and cash equivalents at the beginning of the year		**33,616**	28,291
Effect of foreign exchange rate changes, on cash held		**111**	271
Cash and cash equivalents at the end of the year		**37,850**	33,616
Analysis of cash and cash equivalents			
Bank balances and cash	24	**38,524**	33,968
Bank overdrafts	25	**(674)**	(352)
		37,850	33,616

1. GENERAL INFORMATION

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

The Company's immediate holding company is Skyblue Group Limited, a company incorporated in the British Virgin Islands. The directors regard JETSUN UT Company (PTC) Limited (formerly known as "JETSUN UT CO. LTD."), a company incorporated in the British Virgin Islands, as being the ultimate holding company of the Company.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of franchised public light bus (the "PLB") transportation services in Hong Kong and cross-boundary public bus transportation services between Hong Kong and the People's Republic of China (the "PRC").

The financial statements for the year ended 31 March 2009 were approved for issue by the board of directors on 22 July 2009.

2. PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have carefully assessed the working capital and financing requirements of the Company and its subsidiaries (collectively referred to as the "Group") in the foreseeable future, as the current liabilities of the Group exceeded its current assets by HK$18,033,000 at the balance sheet date.

Taking into account the existing banking facilities, bank balances and cash of the Group and continuing profitable operations, the directors are satisfied that the Group has sufficient resources to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 New or amended HKFRSs effective on 1 April 2008

In the current year, the Group has applied for the first time the following new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial statements for the annual period beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The new or amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

3. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

3.2 New or amended HKFRSs that have been issued but are not yet effective

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

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKAS 39 (Amendment)	Eligible Hedge Items [2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [1]
HKFRS 1 (Revised)	First-time Adoption of HKFRS [2]
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments [1]
HKFRS 8	Operating Segments [1]
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives [5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes [3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate [1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation [4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners [2]
HK(IFRIC) – Int 18	Transfers of Assets from Customers [6]
HKFRS (Amendments)	Improvements to HKFRSs [7]
HKFRS (Amendments)	Improvements to HKFRSs 2009 [8]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for transfer on or after 1 July 2009
[7] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[8] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. So far, it has concluded that the adoption of HKFRS 7 (Amendments), HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and amended HKFRSs are unlikely to have a significant impact on the results and financial position of the Group.

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

3. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

3.2 New or amended HKFRSs that have been issued but are not yet effective (continued)

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

HKFRS 7 (Amendments) requires enhanced disclosure about fair value measurement and liquidity risk.

HKFRS 8, which will replace HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

HKAS 1 (Revised) affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of other comprehensive income).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

4.2 Basis of consolidation

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interest is presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interest is presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority's interest in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

4.4 Jointly controlled entity

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers.

Interest in a jointly controlled entity is accounted for using equity accounting whereby the Group's share of results of jointly controlled entity is included in the consolidated income statement and its share of net assets is included in the consolidated balance sheet.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Foreign currency translation

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates. Goodwill arising on the acquisitions of foreign operations before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

4.6 Revenue recognition

Revenue comprises the fair value for rendering of services and the use by others of the Group's assets yielding rental income. Provided it is probable that the economic benefits will flow to the Group and the revenue and cost, if applicable, can be measured reliably, revenue is recognised as follows:

Franchised PLB services income and cross-boundary public bus services income are recognised upon provision of the relevant services. Cross-boundary public bus service income received in advance is included in the balance sheet as deferred income.

Rental income of cross-boundary quota is recognised on a straight-line basis over the lease periods and the rental income received in advance is included in the balance sheet as deferred income.

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

Interest income is recognised on a time proportion basis using the effective interest rate method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

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

Buildings	Not more than 50 years
Leasehold improvements	2-5 years and the lease term, whichever is the shorter
Furniture, fixtures and equipment	5 years
PLBs and public buses	5-10 years
Motor vehicles	5-10 years

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

4.8 PLB licences

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

The directors consider that the PLB licences have indefinite useful lives. In addition, there is an active market for PLB licences and the Group does not foresee any indicators that the residual value of each licence will be less than its prevailing market price. Accordingly, PLB licences are not amortised. The useful life of PLB licence is subject to annual assessment to determine whether events and circumstances continue to support an indefinite useful life for such asset.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Goodwill

Goodwill represents the excess of the cost of a business combination or an investment over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination or investment in a jointly controlled entity is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any cost directly attributable to the business combination or investment.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating unit and is tested annually for impairment.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or a jointly controlled entity is recognised immediately in income statement.

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

4.10 Impairment of non-financial assets

Goodwill, property, plant and equipment, interest in subsidiaries and interest in a jointly controlled entity are subject to impairment testing.

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

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amount representing the fair value of the leased assets or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease arrangements corresponds to those applied to those comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges as the lessee

Where the Group has a right to use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(iv) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in the income statement on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in income statement as an integral part of the aggregate net lease payments receivable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial assets

The Group's financial assets included loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidences of impairment of individual financial assets include observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becomes probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in group and, national or local economic conditions that correlate with defaults on the assets in the group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial assets (continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement of the period in which the reversal occurs.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivable is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

4.13 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Accounting for income taxes (continued)

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

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

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

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

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

4.14 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand. For the purpose of cash flow statement presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4.15 Share capital

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

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Retirement benefit costs and short term employee benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance ("ORSO" Scheme") and defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the ORSO Scheme and the MPF Scheme.

Contributions are calculated as a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the schemes. The assets of the MPF Scheme and the ORSO scheme are held separately from those of the Group in an independently administered fund.

The Group's contributions to the retirement benefits schemes are recorded as expenses as and when they are incurred. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in PRC are required to participate in the state-managed retirement benefits scheme operated by the relevant local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the retirement scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the retirement scheme.

Short-term employee benefits

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

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

Share-based compensation

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and overdrafts, obligation under finance leases, other current/non-current liability and other financial liability.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

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

Derivative financial liabilities

Derivative financial liabilities are initially recognised at fair value and subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in income statement immediately.

4.18 Provisions and contingent liabilities

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

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Financial guarantee contracts

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

4.20 Government grants

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grant relating to the purchase of property, plant and equipment is accounted for by deducting the grant in arriving at the carrying amount of the asset. The government grant is recognised as income over the life of the related asset by way of a reduced depreciation charge.

4.21 Segment reporting

In accordance with the Group's internal financial reporting policy, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

In respect of business segment reporting, unallocated costs include corporate expenses that cannot be allocated on a reasonable basis to the reportable segments. Segment assets consist primarily of property, plant and equipment, leasehold land, PLB licences, goodwill, trade and other receivables and operating cash, and mainly exclude corporate assets. Segment liabilities comprise operating liabilities and exclude items such as taxation, other financial liability and certain corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment, PLB licences, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, revenue is based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Related parties

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

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Estimate of fair value for PLB licences

The best evidence of fair value is current prices in an active market for similar transactions. The PLB licences were revalued on an open market basis on 31 March 2009 by independent qualified valuers.

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 20).

(c) Income taxes

The Group is subjected to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

6. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (i) on a primary segment reporting basis, by business segment and (ii) on a secondary segment reporting basis, by geographical segment.

(a) Primary reporting – business segment

The Group is organised into two main business segments: (i) Franchised PLB services and (ii) cross-boundary public bus services.

2009

	Franchised PLB services HK$'000	Cross-boundary public bus services HK$'000	Inter-segment elimination HK$'000	Group HK$'000
Segment revenue	297,545	127,130	–	424,675
Segment results	32,286	22,426	–	54,712
Finance costs				(3,387)
Share of results of a jointly controlled entity	–	(2)	–	(2)
Profit before income tax				51,323
Income tax expense				(8,558)
Profit for the year				42,765
Assets				
Segment assets	179,050	234,726	(18)	413,758
Jointly controlled entity	–	134	–	134
Unallocated assets				141
Total assets				414,033
Liabilities				
Segment liabilities	13,801	24,928	(18)	38,711
Unallocated liabilities				124,040
Total liabilities				162,751
Other information				
Capital expenditure	1,842	6,131	–	7,973
Depreciation	2,179	8,275	–	10,454
Amortisation	153	–	–	153
Deficit on revaluation of a PLB licence	710	–	–	710
Provision for impairment of trade receivables	15	–	–	15

6. SEGMENT INFORMATION (continued)

(a) Primary reporting – business segment (continued)

2008

	Franchised PLB services HK$'000	Cross-boundary public bus services HK$'000	Inter-segment elimination HK$'000	Group HK$'000
Segment revenue	290,358	105,418	–	395,776
Segment results	37,655	19,607	–	57,262
Finance costs				(6,923)
Share of results of a jointly controlled entity	–	(9)	–	(9)
Profit before income tax				50,330
Income tax expense				(10,840)
Profit for the year				39,490
Assets				
Segment assets	194,641	221,668	(441)	415,868
Jointly controlled entity	–	136	–	136
Unallocated assets				533
Total assets				416,537
Liabilities				
Segment liabilities	13,765	13,367	(441)	26,691
Unallocated liabilities				143,042
Total liabilities				169,733
Other information				
Capital expenditure	1,577	6,699	–	8,276
Depreciation	3,854	8,749	–	12,603
Amortisation	153	–	–	153
Impairment of goodwill	–	300	–	300
Provision for impairment of trade receivables	–	222	–	222

6. SEGMENT INFORMATION (continued)

(b) Secondary reporting – geographical segments

The Group's operations are located in two main geographical areas. The following table provides an analysis of the Group's turnover by geographical market.

Hong Kong	Operation in Hong Kong
PRC – Hong Kong	Cross-boundary operation between Hong Kong and the PRC
Others	Other operations in Macau and the PRC

Turnover by geographical markets:

	2009 HK$'000	2008 HK$'000
Hong Kong	**297,545**	290,358
PRC – Hong Kong	**125,816**	102,557
Others	**1,314**	2,861
	424,675	395,776

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Segment assets		**Capital expenditure**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Hong Kong	**179,031**	194,201	**1,842**	1,577
PRC – Hong Kong	**230,604**	213,070	**6,131**	2,261
Others	**4,123**	8,597	**–**	4,438
	413,758	415,868	**7,973**	8,276

7. TURNOVER

	2009 HK$'000	2008 HK$'000
Franchised PLB services income	**297,545**	290,358
Cross-boundary public bus services income	**127,130**	105,418
	424,675	395,776

8. OTHER REVENUE AND OTHER NET INCOME

	2009 HK$'000	2008 HK$'000
Other revenue		
Agency fee income	**2,503**	2,453
Rental income of cross-boundary quota	**982**	982
Advertising income	**880**	396
Repair and maintenance service income	**688**	892
Management fee income	**536**	178
Interest income	**182**	790
Travel agency income	**86**	38
	5,857	5,729
Other net income		
Compensation from ex-shareholders of certain subsidiaries	**–**	870
Gain on disposal of passenger service licences	**–**	500
Reversal of deficit on revaluation of a PLB licence	**–**	400
Net gain on disposal of property, plant and equipment	**–**	187
Sundry income	**574**	532
	574	2,489
	6,431	8,218

9. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on bank loans and overdrafts:		
– wholly repayable within five years	**2,674**	5,572
– not wholly repayable within five years	**674**	1,300
Finance charges on finance leases	**39**	51
	3,387	6,923

10. PROFIT BEFORE INCOME TAX

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

	2009 HK$'000	2008 HK$'000
Fuel cost	**75,739**	65,319
Employee benefit expense (including directors' emoluments) (note 15)	**143,946**	137,012
Operating lease rental in respect of		
– land and buildings	**2,433**	1,725
– PLBs and public buses	**66,017**	63,058
– cross-boundary quotas	**5,047**	3,709
Depreciation of property, plant and equipment		
– own assets	**10,330**	12,441
– leased assets	**124**	162
Amortisation of leasehold land (included in administrative expenses)	**153**	153
Impairment of goodwill (included in other operating expenses)	**–**	300
Provision for impairment of trade receivables	**15**	222
Deficit/(Reversal of deficit) on revaluation of a PLB licence charged to income statement	**710**	(400)
Net loss/(gain) on disposal of property, plant and equipment	**173**	(187)
Net exchange loss	**37**	55
Auditors' remuneration	**996**	1,052

11. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2009 HK$'000	2008 HK$'000
Current tax		
– Hong Kong profits tax		
Tax for the year	**9,142**	9,118
Under provision in prior years	**207**	1,052
	9,349	10,170
– Overseas taxation		
Tax for the year	**258**	167
	9,607	10,337
Deferred tax		
Current year	**(712)**	503
Attributable to reduction in tax rate	**(337)**	–
	(1,049)	503
	8,558	10,840

11. INCOME TAX EXPENSE (continued)

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2009 HK$'000	2008 HK$'000
Profit before income tax	**51,323**	50,330
Tax at Hong Kong profits tax rate of 16.5% (2008: 17.5%)	**8,468**	8,808
Tax effect of non-deductible expenses	**485**	754
Tax effect of non-taxable revenue	**(43)**	(537)
Tax effect of tax losses not recognised	**100**	267
Utilisation of tax losses previously not recognised	**(53)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**45**	42
Effect of opening deferred tax balances resulting from reduction in tax rate during the year	**(337)**	–
Under provision in prior years	**207**	1,052
Others	**(314)**	454
Income tax expense	**8,558**	10,840

The Hong Kong Special Administrative Region ("HKSAR") Government enacted a reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Accordingly, the relevant current and deferred tax assets/liabilities have been calculated using the new tax rate of 16.5%.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company includes a profit of HK$25,249,000 (2008: HK$32,823,000) which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

(a) Dividends attributable to the year

	2009 HK$'000	2008 HK$'000
Proposed final dividend of HK10.0 cents (2008: HK10.0 cents) per ordinary share	**22,750**	22,750

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

13. DIVIDENDS (continued)

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

	2009 HK$'000	2008 HK$'000
Final dividend in respect of the previous financial year, of HK10.0 cents (2008: HK12.0 cents) per ordinary share	**22,750**	27,300

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$39,164,000 (2008: HK$37,067,000) and on the weighted average number of 227,500,000 (2008: 227,500,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting the dilution effect of the outstanding share options granted by the Company.

The share options have no dilutive effect on ordinary shares for the year ended 31 March 2009 because the exercise price of the Company's share options was higher than the average market price of the Company's share in the year.

Details of the calculation of diluted earnings per share for the year ended 31 March 2008 are shown as follows:

Profit for the year ended 31 March 2008 attributable to equity holders of the Company (in HK$'000)	37,067
Weighted average number of ordinary shares in issue (in thousands)	227,500
Adjustments for the assumed conversion of share options (in thousands)	82
	227,582
Diluted earnings per share	HK16.28 cents

15. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2009 HK$'000	2008 HK$'000
Salaries and allowances	**137,634**	130,946
Contributions to defined contribution plans	**6,266**	5,845
Share-based compensation	**46**	221
	143,946	137,012

16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of each of the directors is set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonuses HK$'000	Contributions to defined contribution plans HK$'000	Share-based compensation HK$'000	Total HK$'000
For the year ended 31 March 2009						
Mr. Wong Man Kit	**–**	**676**	**–**	**–**	**–**	**676**
Ms. Ng Sui Chun	**–**	**533**	**–**	**12**	**–**	**545**
Mr. Chan Man Chun	**240**	**1,292**	**2,822**	**24**	**–**	**4,378**
Mr. Wong Ling Sun, Vincent	**–**	**455**	**–**	**12**	**–**	**467**
Dr. Leung Chi Keung	**300**	**–**	**–**	**–**	**–**	**300**
Dr. Lee Peng Fei, Allen	**300**	**–**	**–**	**–**	**–**	**300**
Mr. Lam Wai Keung	**180**	**–**	**–**	**–**	**–**	**180**
Total	**1,020**	**2,956**	**2,822**	**48**	**–**	**6,846**
For the year ended 31 March 2008						
Mr. Wong Man Kit	–	1,434	–	–	39	1,473
Ms. Ng Sui Chun	–	533	–	12	39	584
Mr. Chan Man Chun	240	1,292	2,722	24	38	4,316
Mr. Wong Ling Sun, Vincent	–	455	–	12	39	506
Dr. Leung Chi Keung	300	–	–	–	–	300
Dr. Lee Peng Fei, Allen	300	–	–	–	–	300
Mr. Lam Wai Keung	180	–	–	–	–	180
Total	1,020	3,714	2,722	48	155	7,659

None of the directors has waived the right to receive their emoluments for the year ended 31 March 2009 (2008: Nil).

16. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2008: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2008: three) individuals during the year are as follows:

	2009 HK$'000	2008 HK$'000
Salaries, allowances and benefits in kind	**3,803**	3,613
Bonuses	**293**	355
Contributions to defined contribution plans	**73**	66
Share-based compensation	**15**	20
	4,184	4,054

The emoluments of these three (2008: three) individuals fell within the following bands:

	Number of individuals	
	2009	2008
Emolument bands		
HK$Nil – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$2,500,000	**1**	1
	3	3

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	PLBs and public buses HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2008	**11,081**	**7,347**	**10,936**	**72,193**	**7,898**	**109,455**
Additions	**–**	**139**	**1,971**	**4,995**	**35**	**7,140**
Acquisition of a subsidiary	**–**	**–**	**–**	**1,457**	**–**	**1,457**
Disposals	**–**	**–**	**(363)**	**(625)**	**(3,355)**	**(4,343)**
Exchange adjustment	**–**	**–**	**18**	**–**	**78**	**96**
At 31 March 2009	**11,081**	**7,486**	**12,562**	**78,020**	**4,656**	**113,805**
Accumulated depreciation						
At 1 April 2008	**2,523**	**6,033**	**6,946**	**25,742**	**4,868**	**46,112**
Charge for the year	**337**	**494**	**1,633**	**7,531**	**459**	**10,454**
Acquisition of a subsidiary	**–**	**–**	**–**	**624**	**–**	**624**
Disposals	**–**	**–**	**(309)**	**(610)**	**(1,440)**	**(2,359)**
Exchange adjustment	**–**	**–**	**6**	**–**	**31**	**37**
At 31 March 2009	**2,860**	**6,527**	**8,276**	**33,287**	**3,918**	**54,868**
Net book value						
At 31 March 2009	**8,221**	**959**	**4,286**	**44,733**	**738**	**58,937**
Cost						
At 1 April 2007	11,081	7,196	11,191	68,709	8,041	106,218
Additions	–	246	1,768	5,374	868	8,256
Disposals	–	(95)	(2,054)	(1,890)	(1,354)	(5,393)
Exchange adjustment	–	–	31	–	343	374
At 31 March 2008	11,081	7,347	10,936	72,193	7,898	109,455
Accumulated depreciation						
At 1 April 2007	2,187	5,034	7,290	17,935	3,827	36,273
Charge for the year	336	1,094	1,656	8,419	1,098	12,603
Disposals	–	(95)	(2,021)	(612)	(162)	(2,890)
Exchange adjustment	–	–	21	–	105	126
At 31 March 2008	2,523	6,033	6,946	25,742	4,868	46,112
Net book value						
At 31 March 2008	8,558	1,314	3,990	46,451	3,030	63,343

17. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, the Group received government grant of HK$519,000 (2008: Nil) from the Environmental Protection Department of the HKSAR Government in respect of the acquisition of public buses. The government grant is deducted from the cost in arriving at the carrying amount of the public buses and is recognised as income over the useful life of the public buses by way of a reduced depreciation charge.

The net book value of property, plant and equipment pledged as security for the Group's banking facilities (note 29) are as follows:

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	PLBs and public buses HK$'000	Motor vehicles HK$'000	Total HK$'000
At 31 March 2009	**3,389**	**559**	**1,636**	**35,040**	**531**	**41,155**
At 31 March 2008	6,298	839	2,128	41,306	613	51,184

PLBs and public buses with net book value of HK$817,000 (2008: HK$890,000) are held under finance lease.

18. LEASEHOLD LAND

The Group's interests in leasehold land represent prepaid operating lease payments and their net book value are analysed as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Cost	**7,466**	7,466
Accumulated amortisation	**(1,256)**	(1,103)
Net book value	**6,210**	6,363
At the beginning of the year	**6,363**	6,516
Amortisation charge	**(153)**	(153)
At the end of the year	**6,210**	6,363

All leasehold land is located in Hong Kong with lease terms ranging from 10 to 50 years. The net book value of leasehold land pledged as security for the Group's banking facilities amounted to HK$1,396,000 (2008: HK$5,169,000) (note 29).

19. PLB LICENCES

	Group	
	2009	2008
	HK$'000	HK$'000
At the beginning of the year	**140,800**	132,000
(Deficit)/Reversal of deficit on revaluation charged to income statement	**(710)**	400
(Deficit)/Surplus on revaluation dealt with in revaluation reserve	**(14,910)**	8,400
At the end of the year	**125,180**	140,800

PLB licenses are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Group. The carrying amount of PLB licences is allocated to the cash-generating unit of PLB services.

At the balance sheet date, PLB licences were revalued by Vigers Appraisal & Consulting Limited ("Vigers"), independent qualified valuers. The valuation is determined based on the market approach with reference to recent market transactions. The key assumptions include the continuous existence of an active market for PLB licences and the trends, market conditions and government policies for PLB businesses remain unchanged. Vigers determined these assumptions based on past performance and expectations on market development.

The carrying amount of PLB licences at the balance sheet date would have been HK$92,173,000 (2008: HK$92,173,000) had they been stated at cost less accumulated impairment losses.

At 31 March 2009, certain PLB licences with an aggregate net carrying value of HK$45,520,000 (2008: HK$51,200,000) were pledged as security for the Group's banking facilities (note 29).

20. GOODWILL

	Group 2009 HK$'000	Group 2008 HK$'000
At the beginning of the year		
Gross carrying amount	**155,324**	155,304
Accumulated impairment	**(300)**	–
Net carrying amount	**155,024**	155,304
Net carrying amount at the beginning of the year	**155,024**	155,304
Acquisition of a subsidiary (note 39)	**3,421**	–
Adjustment on contingent consideration in respect of acquisition of a subsidiary (note 28)	**6,000**	–
Acquisition of additional interest in a subsidiary	**–**	20
Impairment	**–**	(300)
Net carrying amount at the end of the year	**164,445**	155,024
At the end of the year		
Gross carrying amount	**164,745**	155,324
Accumulated impairment	**(300)**	(300)
Net carrying amount	**164,445**	155,024

The carrying amount of goodwill, net of any impairment loss, is allocated to the following cash generating units:

	2009 HK$'000	2008 HK$'000
Franchised PLB services	**9,118**	9,118
Cross-boundary public bus services	**155,327**	145,906
	164,445	155,024

The recoverable amounts of the cash-generating units, to which the goodwill relates, are determined based on value-in-use calculations. The calculations use cash flow projections based on the financial budget for the year ended 31 March 2010 approved by management with key assumptions including revenues, direct costs, staff costs and other operating costs. Management determined these assumptions based on past performance and expectation on market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The discount rates used are based on the weighted average cost of capital before tax reflecting specific risks relating to the relevant cash generating units.

20. GOODWILL (continued)

Key assumptions used for value-in-use calculations:

	Franchised PLB services		Cross-boundary public bus services	
	2009	2008	**2009**	2008
Growth rate	**1.0%**	1.0%	**2.0%**	2.0%
Discount rate	**6.8%**	6.0%	**5.2%**	5.0%

Based on the impairment test of goodwill, in the opinion of the directors, no impairment against the Group's goodwill at 31 March 2009 is considered necessary.

21. INTEREST IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Non-current		
Unlisted shares, at cost	**96,933**	96,933
Amount due from a subsidiary	**47,221**	47,221
	144,154	144,154
Current		
Amounts due from subsidiaries	**172,773**	49,435
Amounts due to subsidiaries	**(107,953)**	–

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand except for an amount of HK$47,221,000 (2008: HK$47,221,000) due from a subsidiary is not repayable within the next twelve months. The carrying amounts of the amounts due approximate their fair values.

Particulars of the principal subsidiaries at 31 March 2009 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of equity interest held by the Group	Principal activities and place of operation
Interest directly held:				
Gurnard Holdings Limited	The British Virgin Islands	2 ordinary shares of US$1 each	100%	Investment holding in Hong Kong
Elegant Sun Group Limited	The British Virgin Islands	1 ordinary share of US$1 each	100%	Investment holding in Hong Kong

21. INTEREST IN SUBSIDIARIES (continued)

Name	Place of incorporation	Particulars of issued capital	Percentage of equity interest held by the Group	Principal activities and place of operation
Interest indirectly held:				
Aberdeen Maxicab Service Company Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Capital Star Holdings Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Fastlink Transportation Limited	Hong Kong	5 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Kit Kee Transport Company Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Sunning Transportation Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Superlong Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Southern District Motor Service Centre Limited	Hong Kong	300,000 ordinary shares of HK$1 each	100%	Provision of repair and maintenance services for PLBs in Hong Kong
Tai Po (Fixed Route) Public Light Bus Co. Limited	Hong Kong	32,000 ordinary shares of HK$1 each	100%	Provision of franchised PLB transportation services in Hong Kong
Eastern International Transport Engineering Limited	Hong Kong	5 ordinary shares of HK$1 each	100%	Hiring of PLBs in Hong Kong
Global Win Transportation Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Hiring of PLBs in Hong Kong
Chinalink Express Holdings Limited	Hong Kong	35,000,000 ordinary shares of HK$1 each	80%	Investment holding in Hong Kong
Chinalink Bus Company Limited	Hong Kong	2 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and PRC

21. INTEREST IN SUBSIDIARIES (continued)

Name	Place of incorporation	Particulars of issued capital	Percentage of equity interest held by the Group	Principal activities and place of operation
Interest indirectly held: (Continued)				
Chinalink Travel Services Company Limited	Hong Kong	500,000 ordinary shares of HK$1 each	80%	Provision of travel agency services in Hong Kong
Faster Hong Kong Limousine Limited	Hong Kong	10,000 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and PRC
Dalia Tour Agency Limited	Hong Kong	350,000 ordinary shares of HK$10 each	80%	Provision of passengers transportation services between Hong Kong and PRC
Windsor Tour Agency Limited	Hong Kong	60,000 ordinary shares of HK$10 each	80%	Provision of passengers transportation services between Hong Kong and PRC
Fordway Development Limited	Hong Kong	5,000,000 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and PRC
Chi Hung Travel Limited	Hong Kong	10 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and PRC
Mei Sun Tourist Bus Services Limited	Hong Kong	500,000 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and PRC
Chinalink Transport Group Limited	Hong Kong	100 ordinary shares of HK$1 each	80%	Investment holding in Hong Kong
Yuk Fai Bus Of Travel Limited	Hong Kong	10,000 ordinary shares of HK$1 each	80%	Provision of passengers transportation services between Hong Kong and PRC

22. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group 2009 HK$'000	Group 2008 HK$'000
Non-current		
Share of net assets	**134**	136
Current		
Amount due from a jointly controlled entity	**1,252**	1,665

The amount due from a jointly controlled entity is unsecured, interest-free and repayable on demand. The carrying amount of the amount due approximates its fair value.

Particulars of the jointly controlled entity are as follows:

Name	Place of incorporation	Particulars of issued capital	Interest held by the Group 2009	Interest held by the Group 2008	Principal activity and place of operation
China-Hong Kong Express Limited	Hong Kong	455,000 ordinary shares of HK$1 each	**30.77%**	30.77%	Provision of passenger transportation services in Hong Kong and PRC

The financial year end date of China-Hong Kong Express Limited is 31 December, accordingly the audited financial statements drawn up to 31 December 2008 of China-Hong Kong Express Limited has been used to consolidate into the Group's consolidated financial statements. Adjustments have been made for the effect of significant transactions that occurred between 1 January 2009 and 31 March 2009.

22. INTEREST IN A JOINTLY CONTROLLED ENTITY (continued)

The Group's share of assets, liabilities and results of the jointly controlled entity are as follows:

	2009 HK$'000	2008 HK$'000
Assets		
Non-current assets	**5**	6
Current assets	**2,112**	2,038
Liabilities		
Current liabilities	**(1,983)**	(1,908)
Net assets	**134**	136
Income	**4,220**	4,811
Expenses	**(4,222)**	(4,820)
Loss attributable to the Group	**(2)**	(9)

23. TRADE AND OTHER RECEIVABLES

	Group	
	2009 HK$'000	2008 HK$'000
Trade receivables – gross	**6,014**	4,126
Less: Provision for impairment	**–**	(96)
Trade receivables – net	**6,014**	4,030
Deposits, prepayments and other receivables	**13,196**	10,675
	19,210	14,705

The directors considered that the fair values of the trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Majority of the Group's turnover is attributable to the franchised PLB services which is received in cash or collected by Octopus Cards Limited and remitted to the Group on the next business day of the service rendered. The credit terms granted by the Group to other trade debtors range from 0 to 90 days.

23. TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of trade receivables (net of provision for impairment), prepared in accordance with the due date of invoices, is as follows:

	2009 HK$'000	2008 HK$'000
0 to 30 days	**4,396**	2,972
31 to 60 days	**1,159**	764
61 to 90 days	**216**	33
Over 90 days	**243**	261
	6,014	4,030

The movement in provision for impairment of trade receivables is as follows:

	2009 HK$'000	2008 HK$'000
At the beginning of the year	**96**	139
Addition	**15**	222
Written-off	**(111)**	(265)
At the end of the year	**–**	96

At each balance sheet date, the Group reviewed trade receivables for evidence of impairment on both individual and collective basis. Based on this assessment, impairment loss of HK$15,000 (2008: HK$222,000) has been recognised for the year ended 31 March 2009. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or due to delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on individual or collective basis.

23. TRADE AND OTHER RECEIVABLES (continued)

The aging analysis of trade receivables (net of provision for impairment) that were past due but not impaired, is as follows:

	2009 HK$'000	2008 HK$'000
Neither past due nor impaired	**780**	689
0 to 30 days past due	**3,616**	2,283
31 to 60 days past due	**1,159**	764
61 to 90 days past due	**216**	33
Over 90 days past due	**243**	261
	5,234	3,341
	6,014	4,030

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

24. BANK BALANCES AND CASH

	Group		Company	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Cash at bank and in hand	**32,226**	14,908	**67**	99
Short-term bank deposits	**6,298**	19,060	**4,021**	16,635
	38,524	33,968	**4,088**	16,734

The effective interest rates on short-term bank deposits were in the range of 0.01% to 1.71% (2008: 0.38% to 0.58%). These deposits have an average maturity of 2 days to 34 days (2008: 8 days to 14 days).

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

Included in bank balance and cash of the Group is HK$7,043,000 (2008: HK$4,655,000) of bank balances denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

25. BORROWINGS

	Group 2009 HK$'000	2008 HK$'000
Non-current		
Bank loans, secured	**41,093**	52,409
Bank loans, unsecured	**39,000**	55,000
Obligation under finance leases	**650**	–
	80,743	107,409
Current		
Bank overdrafts, secured	**674**	352
Bank loans, secured	**11,306**	11,736
Bank loans, unsecured	**16,000**	6,000
Obligation under finance leases	**282**	227
	28,262	18,315
	109,005	125,724

The bank loans and bank overdrafts are secured by certain assets of the Group (note 29). Obligation under finance leases is effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The carrying values of borrowings are considered to be a reasonable approximation of fair values.

(a) Bank loans and overdrafts

At 31 March 2009, the Group's bank loans and overdrafts were repayable as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**27,980**	18,088
In the second year	**36,342**	27,279
In the third to fifth years	**25,220**	59,828
Wholly repayable within 5 years	**89,542**	105,195
After the fifth year	**18,531**	20,302
	108,073	125,497

The interest rates are principally on a floating rate basis and range from 1.8% to 2.7% (2008: 3.0% to 3.7%).

25. BORROWINGS (continued)

(b) Obligation under finance leases

	2009 HK$'000	2008 HK$'000
Total minimum lease payments		
Due within one year	**327**	261
Due in the second to fifth years	**756**	–
	1,083	261
Future finance charges	**(151)**	(34)
Present value of lease obligation	**932**	227

The present value of minimum lease payments is as follows:

	2009 HK$'000	2008 HK$'000
Due within one year	**282**	227
Due in the second to fifth years	**650**	–
	932	227
Less: current portion	**(282)**	(227)
Non-current portion	**650**	–

The effective interest rate of the finance lease obligation is on a fixed rate basis of 3.25% (2008: 3.00%).

26. TRADE AND OTHER PAYABLES

	Group	
	2009	2008
	HK$'000	HK$'000
Trade payables	**7,765**	7,331
Other payables and accruals	**18,161**	17,659
	25,926	24,990

The Group was granted by its suppliers credit periods ranging from 0 to 60 days. Based on the invoice dates, the ageing analysis of trade payables is as follows:

	2009	2008
	HK$'000	HK$'000
0 to 30 days	**6,433**	6,475
31 to 60 days	**703**	295
61 to 90 days	**104**	–
Over 90 days	**525**	561
	7,765	7,331

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

27. OTHER FINANCIAL LIABILITY

According to a shareholders' agreement dated 9 January 2006, entered into between the Company and Mr. Chan Chung Yee, Alan ("Mr. Chan"), who beneficially owns 20% of the equity interest in Chinalink Express Holdings Limited, a non-wholly owned subsidiary of the Group, the Company has granted an option to Mr. Chan and pursuant to which Mr. Chan may exercise his right to purchase from the Company its 10% shareholding in Chinalink Express Holdings Limited within 10 years from the date of signing of the shareholders' agreement at a price of HK$15,000,000.

The fair value of the option as at 31 March 2009 was valued by Vigers, using the Binomial Model.

28. OTHER LIABILITY

	Group 2009 HK$'000	Group 2008 HK$'000
Contingent payment for extension of operation period of a subsidiary		
Non-current	**–**	2,830
Current	**9,000**	–

Other liability represents the provision for additional consideration for the acquisition of a subsidiary in 2006, which is contingent upon the first extension of the operation period of the subsidiary subsequent to the acquisition.

The consideration for the first extension of operation period of the subsidiary is HK$600,000 for every further year starting from 5 November 2009. The aggregate consideration is subject to a maximum amount of HK$9,000,000. Upon the acquisition of the subsidiary and at 31 March 2008, the amount expected to be payable under this arrangement was HK$3,000,000. Based on the latest assessment, the directors are of the opinion that it is probable that the operation period of the subsidiary could be extended for fifteen years (2008: five years). Accordingly, at 31 March 2009, the Group has recognised in full the contingent consideration of HK$9,000,000 and adjusted goodwill accordingly. As at 31 March 2008, the amount of contingent consideration recognised was HK$3,000,000 discounted to the balance sheet date and the remaining balance of contingent consideration of HK$6,000,000 was disclosed as contingent liability (note 36).

The carrying amount of other liability approximates its fair value.

29. BANKING FACILITIES

At 31 March 2009, the Group had banking facilities totalling HK$125,849,000 (2008: HK$137,945,000) of which approximately HK$108,073,000 (2008: HK$125,497,000) were utilised. These facilities were secured by:

(i) pledges of certain property, plant and equipment of the Group with net book value of HK$41,155,000 (2008: HK$51,184,000) (note 17);

(ii) pledges of certain leasehold land of the Group with net book value of HK$1,396,000 (2008: HK$5,169,000) (note 18);

(iii) pledges of certain PLB licences with carrying value of HK$45,520,000 (2008: HK$51,200,000) (note 19).

(iv) floating charges on certain trade and other receivables with carrying value of HK$9,879,000 (2008: HK$5,820,000), bank balances and cash with carrying value of HK$14,174,000 (2008: HK$6,892,000) and other assets with carrying amount of HK$1,386,000 (2008: HK$1,801,000).

30. SHARE CAPITAL

	2009		2008	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**227,500,000**	**22,750**	227,500,000	22,750

31. SHARE-BASED COMPENSATION

On 22 March 2004, the Company adopted a share option scheme (the "Share Option Scheme") pursuant to which the eligible persons may be granted options to subscribe for shares of the Company upon and subject to a maximum number of shares available for issue thereunder, which is 22,750,000, representing 10% of the issued shares of the Company as at the date of this annual report. The subscription price determined by the board of directors will be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares. All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than issuing the Company's ordinary shares.

Movements in the number of share options outstanding during the year are as follows:

	2009		2008	
	Number of options	**Weighted average exercise price HK$**	Number of options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**13,950,000**	**1.56**	12,850,000	1.57
Granted	**–**	**–**	1,100,000	1.42
Outstanding at the end of the year	**13,950,000**	**1.56**	13,950,000	1.56

Notes:

(i) Share options were granted on 8 November 2004, 3 April 2007 and 12 April 2007, and the closing price of shares immediately before the above dates of grant of was HK$1.56, HK$1.41 and HK$1.41 respectively. All options granted to directors were vested immediately on the date of grant.

(ii) A total of 4,450,000 options were granted to employees on 8 November 2004. Out of the balance, 2,450,000 options were to be vested in five equal tranches on 8 November 2004, 2005, 2006, 2007 and 2008. The first tranche vested on 8 November 2004 was exercisable on the next business day on 9 November 2004 and up to 7 November 2014. The second, third, fourth and fifth tranches were exercisable when vested and exercisable up to 7 November 2014. The remaining 2,000,000 options were vested on 8 November 2004 and were exercisable on the next business day on 9 November 2004 and up to 7 November 2014.

(iii) Out of the 13,950,000 (2008: 13,950,000) outstanding options, 13,950,000 (2008: 13,500,000) options were exercisable. The weighted average remaining contractual life at the balance sheet date is 5.8 years (2008: 6.8 years).

(iv) In total, HK$46,000 (2008: HK$221,000) of employee compensation expense has been included in the consolidated income statement for the year ended 31 March 2009, the corresponding amount of which has been credited to share options reserve (note 32).

32. RESERVES

Group

	Share premium HK$'000	PLB licences revaluation reserve HK$'000	Share options reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2008	**47,779**	**48,807**	**521**	**19,296**	**491**	**91,851**	**208,745**
Deficit on revaluation of PLB licences (note 19)	**–**	**(14,910)**	**–**	**–**	**–**	**–**	**(14,910)**
Share-based compensation	**–**	**–**	**46**	**–**	**–**	**–**	**46**
Currency translation	**–**	**–**	**–**	**–**	**167**	**–**	**167**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**39,164**	**39,164**
2008 final dividends paid (note 13)	**–**	**–**	**–**	**–**	**–**	**(22,750)**	**(22,750)**
At 31 March 2009	**47,779**	**33,897**	**567**	**19,296**	**658**	**108,265**	**210,462**
At 1 April 2007	47,779	40,407	300	19,296	(24)	82,084	189,842
Surplus on revaluation of PLB licences (note 19)	–	8,400	–	–	–	–	8,400
Share-based compensation	–	–	221	–	–	–	221
Currency translation	–	–	–	–	515	–	515
Profit for the year	–	–	–	–	–	37,067	37,067
2007 final dividends paid (note 13)	–	–	–	–	–	(27,300)	(27,300)
At 31 March 2008	47,779	48,807	521	19,296	491	91,851	208,745

32. RESERVES (continued)

Company

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2008	**47,779**	**96,678**	**521**	**42,531**	**187,509**
Share-based compensation	**–**	**–**	**46**	**–**	**46**
Profit for the year (note 12)	**–**	**–**	**–**	**25,249**	**25,249**
2008 final dividends paid (note 13)	**–**	**–**	**–**	**(22,750)**	**(22,750)**
At 31 March 2009	**47,779**	**96,678**	**567**	**45,030**	**190,054**
At 1 April 2007	47,779	96,678	300	37,008	181,765
Share-based compensation	–	–	221	–	221
Profit for the year (note 12)	–	–	–	32,823	32,823
2007 final dividends paid (note 13)	–	–	–	(27,300)	(27,300)
At 31 March 2008	47,779	96,678	521	42,531	187,509

At 31 March 2009, distributable reserves of the Company amounted to HK$189,487,000 (2008: HK$186,988,000).

33. DEFERRED TAX

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 16.5% (2008: 17.5%).

The movement on the deferred tax liabilities/(assets) is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
At the beginning of the year	**5,897**	5,394
Amount (credited)/charged to income statement (note 11)	**(1,049)**	503
At the end of the year	**4,848**	5,897

33. DEFERRED TAX (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets with current tax liabilities and when the deferred tax relates to the same fiscal authority. The movement in deferred tax liabilities/(assets) is as follows:

	Group		
	Accelerated depreciation allowance HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2008	**6,079**	**(182)**	**5,897**
Amount charged/(credited) to income statement (note 11)	**314**	**(1,026)**	**(712)**
Effect of change in tax rate charged/(credited) to income statement (note 11)	**(347)**	**10**	**(337)**
At 31 March 2009	**6,046**	**(1,198)**	**4,848**
At 1 April 2007	7,869	(2,475)	5,394
Amount charged/(credited) to income statement (note 11)	(1,790)	2,293	503
At 31 March 2008	6,079	(182)	5,897

Represented by:

	2009 HK$'000	2008 HK$'000
Deferred tax assets	**(85)**	(182)
Deferred tax liabilities	**4,933**	6,079
	4,848	5,897

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has not recognised deferred tax assets in respect of tax losses of HK$19,488,000 (2008: HK$21,115,000). Unrecognised tax losses of approximately HK$12,367,000 (2008: HK$15,331,000) and HK$2,824,000 (2008: HK$2,204,000) are subject to expiry periods of five years and three years respectively from the year in which the tax losses arose under the current tax legislation. The remaining unrecognised tax loss of approximately HK$4,297,000 (2008: HK$3,580,000) has no expiry date.

34. OPERATING LEASE COMMITMENTS

As lessee

At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	Group				
	2009			2008	
	Buildings HK$'000	PLBs and public buses HK$'000	Cross-boundary quotas HK$'000	Buildings HK$'000	PLBs and public buses HK$'000
Within one year	**896**	**6,299**	**1,307**	1,071	5,012
In the second to fifth years	**–**	**–**	**3,208**	624	–
	896	**6,299**	**4,515**	1,695	5,012

As lessor

At 31 March 2009, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group			
	2009		2008	
	Advertising income HK$'000	Public buses HK$'000	Advertising income HK$'000	Public buses HK$'000
Within one year	**430**	**785**	172	1,529
In the second to fifth years	**627**	**–**	–	–
	1,057	**785**	172	1,529

35. CAPITAL COMMITMENT

At 31 March 2009, the Group had the following capital commitment:

	Group	
	2009 HK$'000	2008 HK$'000
Contracted but not provided for:		
– Property, plant and equipment	**15,567**	2,582

36. CONTINGENT LIABILITIES

At 31 March 2009, the Group had no contingent liabilities not provided for in the consolidated financial statements. At 31 March 2008, the contingent payment not provided for in respect of the extension of operation period of a subsidiary was HK$6,000,000 as detailed in note 28.

37. RELATED PARTY TRANSACTIONS

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

(a) Key management compensation

	2009 HK$'000	2008 HK$'000
Fees	**1,020**	1,020
Salaries, allowances and benefits in kind	**7,243**	7,811
Bonuses	**3,288**	3,230
Contribution to defined contribution plans	**112**	111
Share-based compensation	**22**	186
	11,685	12,358

(b) Sales and purchase of services

	2009 HK$'000	2008 HK$'000
Repair and maintenance service income received (note (i))	**469**	677
Agency fee income received (note (i))	**2,310**	2,260
Management fee income received (note (i))	**536**	178
PLB hire charges paid (note (i))	**56,414**	55,910
Cross-boundary public bus services income received (note (ii))	**274**	698
Commission expense paid (note (ii))	**–**	284
Rental and parking expense paid (note (ii))	**70**	156
Quota charges paid (note (ii))	**476**	86
Sales proceeds of motor vehicles in PRC (note (i))	**114**	–
Purchase of system development services (note (i))	**144**	376
Purchase of public buses in Macau (note (ii))	**–**	700

(c) During the year, the Group entered into another system development contract with a related company (note (i)) of approximately HK$273,000, which has been included in capital commitment (note 35).

(d) At 31 March 2009, the amount of guarantee provided for securing banking facilities by a minority shareholder of a subsidiary was HK$17,950,000 (2008: HK$12,300,000), which was proportional to his shareholding in the subsidiary.

Notes:

(i) All transactions were entered into between the Group and the related companies in which Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, the directors of the Group, are the directors and major shareholders.

(ii) The director of the related company is also a director of a subsidiary of the Group.

38. CASH GENERATED FROM OPERATIONS

	2009 HK$'000	2008 HK$'000
Operating profit	**54,712**	57,262
Adjustment for:		
Depreciation of property, plant and equipment	**10,454**	12,603
Amortisation of leasehold land	**153**	153
Net loss/(gain) on disposal of property, plant and equipment	**173**	(187)
Gain on disposal of passenger service licences	**–**	(500)
Deficit/(Reversal of deficit) on revaluation of a PLB licence	**710**	(400)
Change in fair value of other liability	**170**	160
Impairment of goodwill	**–**	300
Provision for impairment of trade receivables	**15**	222
Rental income of cross-boundary quota	**(982)**	(982)
Interest income	**(182)**	(790)
Share-based compensation	**46**	221
Operating profit before changes in working capital	**65,269**	68,062
Changes in working capital:		
Trade and other receivables	**(3,122)**	374
Amount due from a jointly controlled entity	**413**	9
Trade and other payables	**(759)**	2,596
Deferred income	**3,066**	43
Cash generated from operations	**64,867**	71,084

39. BUSINESS COMBINATION

On 20 February 2009, the Group's subsidiary, Chinalink Transport Group Limited, acquired 100% of the equity interests and the subsisting shareholders' loan of Yuk Fai Bus Of Travel Limited ("Yuk Fai"), a company principally engaged in the provision of passengers transportation services in Hong Kong and the PRC.

Yuk Fai contributed revenue of HK$25,000 and net profit of HK$42,000 to the Group for the period from 20 February 2009 to 31 March 2009.

Had the combination taken place on 1 April 2008, the Group's revenue and net profit before allocations for the year would have been HK$424,675,000 and HK$42,447,000 respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor intended to be a projection of future results.

39. BUSINESS COMBINATION (continued)

Details of the net liabilities acquired and goodwill are as follows:

	HK$'000
Purchase consideration:	
– cash paid	**1,600**
– cash payable	**1,567**
– direct costs relating to the acquisition	**38**
Total purchase consideration	**3,205**
Acquisition of shareholders' loan	**(540)**
Fair value of net liabilities acquired	**756**
Goodwill (note 20)	**3,421**

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Yuk Fai.

The assets and liabilities arising from the acquisition are as follows:

	Fair value and carrying amount HK$'000
Property, plant and equipment	833
Trade and other payables	(636)
Borrowings	(953)
Net liabilities acquired	(756)
Purchase consideration settled in cash	1,606
Bank balances and cash of the subsidiary acquired	–
Cash outflow on acquisition	1,606

40. FINANCIAL GUARANTEE CONTRACTS

At 31 March 2009, the Company had executed corporate guarantees to secure general banking facilities granted to the subsidiaries which amounted to HK$146,869,000 (2008: HK$148,684,000). Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the balance sheet date, the outstanding balance of the bank loans was HK$107,399,000 (2008: HK$125,145,000) and this represents the Company's maximum exposure under the guarantee contract. No provision for the Company's obligation under the guarantee contract has been made as the directors consider that it is not probable that the repayment of loan would be in default.

41. COMPARATIVE FIGURES

Certain comparative figures of other revenue and other net income have been re-classified to conform to current year's presentation. The management believes that the reclassification is a fairer presentation of the Group's activities.

42. FINANCIAL RISK MANAGEMENT

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

The Group's financial instruments comprise borrowings, bank balances and cash, trade and other receivables, trade and other payables, other current/non-current liability and other financial liability. The Group has not used any derivatives and other instruments for hedging purposes. The Group also did not hold or issue any derivative financial instruments for trading purposes.

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

42.1 Categories of financial assets and liabilities

(i) *Financial assets*

	2009 **HK$'000**	2008 HK$'000
Loans and receivables:		
Trade and other receivables	**13,297**	8,989
Amount due from a jointly controlled entity	**1,252**	1,665
Bank balances and cash	**38,524**	33,968
	53,073	44,622

(ii) *Financial liabilities*

	2009 **HK$'000**	2008 HK$'000
At amortised cost:		
Borrowings	**109,005**	125,724
Trade and other payables	**25,926**	24,990
Other liability	**9,000**	2,830
	143,931	153,544
At fair value through profit or loss:		
Other financial liability	**4,650**	4,650
	148,581	158,194

42.2 Foreign exchange risk

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

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

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Price risk

The Group is exposed to fuel price risk. At 31 March 2009, the Group did not have any hedging policies over its anticipated fuel consumption. The management continues to closely monitor the changes in market condition.

42.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities.

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

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

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

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
2009						
Borrowings	**109,005**	**115,892**	**30,120**	**37,834**	**27,230**	**20,708**
Trade and other payables	**25,926**	**25,926**	**25,926**	**–**	**–**	**–**
Other current liability	**9,000**	**9,000**	**9,000**	**–**	**–**	**–**
Other financial liability (note (i))	**4,650**	**–**	**–**	**–**	**–**	**–**
	148,581	**150,818**	**65,046**	**37,834**	**27,230**	**20,708**
2008						
Borrowings	125,724	140,285	22,369	30,554	63,332	24,030
Trade and other payables	24,990	24,990	24,990	–	–	–
Other non-current liability	2,830	3,000	–	3,000	–	–
Other financial liability (note (i))	4,650	–	–	–	–	–
	158,194	168,275	47,359	33,554	63,332	24,030

Note:

(i) There is no contractual undiscounted cash flow for other financial liability.

42. FINANCIAL RISK MANAGEMENT (continued)

42.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk relates primarily to the Group's borrowings. The Group's bank borrowings were committed on floating rate basis and were mainly denominated in Hong Kong dollars.

The change in interest rate will affect the loan interest expenses of the Group. It is estimated that a decrease/increase of 1% (2008: 1%) in interest rate, with all other variables remaining constant, the Group's consolidated equity and net profit after tax would increase/decrease by approximately HK$892,000 (2008: HK$940,000). The 1% increase or decrease represents the reasonable possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for 2008.

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

42.6 Credit risk

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

The credit risk for bank balances and deposits is considered negligible as the counterparties are reputable banks.

The Group has no significant concentrations of credit risk because of its diverse customer base. The income receipt of the minibus operation of the Group is on cash basis or collected by Octopus Cards Limited and remitted to the Group on the next business day, thus, the operation does not have any significant credit risk.

For the cross-boundary public bus business, the income is mainly received on credit basis. The Group normally grants a credit term ranging from 0 to 30 days to customers and the debt collection progress is monitored on an ongoing basis. Since the Group has implemented stringent credit control policy and the customer base is rather diverse, the Group has no significant credit risk on cross-boundary public bus business.

42.7 Fair value

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts as at 31 March 2009 and 2008.

43. CAPITAL MANAGEMENT

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

43. CAPITAL MANAGEMENT (continued)

The Group monitors capital structure on the basis of the net debt-to-equity ratio. This ratio is calculated as net debts (total interest-bearing debts net of cash and cash equivalents) over total equity excluding minority interest.

The Group's capital management strategy is to maintain the net debt-to-equity ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure the Group has a reasonable level of capital to support its business. The Group relies on internal resources and interest-bearing borrowings to finance the capital expenditures for the acquisition of PLBs and public buses, which is the same as prior years. The net debt-to-equity ratio as at 31 March 2009 decreased to 30% (2008: 40%), mainly due to repayment of borrowings during the year.

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

	2009 **HK$'000**	2008 HK$'000
Short term borrowings	**28,262**	18,315
Long term borrowings	**80,743**	107,409
	109,005	125,724
Bank balances and cash	**(38,524)**	(33,968)
Net debts	**70,481**	91,756
Total equity excluding minority interest	**233,212**	231,495
Net debt-to-equity ratio	**30%**	40%

44. POST BALANCE SHEET EVENTS

Acquisition of a subsidiary

On 16 July 2009, the Group entered into a share purchase agreement with an independent third party to acquire 100% equity interest of Wai Lok Tours and Coach Company Limited ("Wai Lok") at a consideration of around HK$4,153,000. Wai Lok is a company engaged in the provision of cross-boundary transportation service between Hong Kong and Guangdong province.

As the acquisition of Wai Lok has not been completed before the date of approval of these financial statements, it is not practical to disclose further details about the acquisition.

Group Financial Summary

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

Results

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**424,675**	395,776	363,373	265,318	254,913
Direct costs	**(321,081)**	(294,715)	(271,320)	(211,559)	(192,514)
Gross profit	**103,594**	101,061	92,053	53,759	62,399
Other revenue	**5,857**	5,729	5,332	4,922	3,197
Other net income	**574**	2,489	785	79	456
Administrative expenses	**(52,294)**	(49,719)	(44,797)	(26,393)	(25,473)
Other operating expenses	**(3,019)**	(2,298)	(1,813)	(2,447)	(1,210)
Operating profit	**54,712**	57,262	51,560	29,920	39,369
Finance costs	**(3,387)**	(6,923)	(7,441)	(1,352)	(859)
Share of results of a jointly controlled entity	**(2)**	(9)	(29)	–	–
Profit before income tax	**51,323**	50,330	44,090	28,568	38,510
Income tax expense	**(8,558)**	(10,840)	(8,467)	(5,036)	(6,446)
Profit for the year	**42,765**	39,490	35,623	23,532	32,064
Attributable to:					
Equity holders of the Company	**39,164**	37,067	33,436	23,532	32,064
Minority interest	**3,601**	2,423	2,187	–	–
Profit for the year	**42,765**	39,490	35,623	23,532	32,064

Assets and liabilities and minority interest

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**414,033**	416,537	412,348	250,192	273,909
Total liabilities	**162,751**	169,733	186,345	45,747	47,406
Minority interest	**18,070**	15,309	13,411	–	–

Notes:

(1) The results extracted for the year ended 31 March 2005 have been restated following the adoption of revised HKFRS effective from 1 January 2005.

(2) The results of the Group for the year ended 31 March 2008 and 2009 and its assets and liabilities as at 31 March 2008 and 2009 are those set out on pages 38 to 39 of the financial statements and are presented on the basis as set out in note 4 to the financial statements.

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