

The progress and achievement of AMS resulted from the combination of our management expertise, our sharp market insights in strategically expanding our GMB transport network as well as our relentless dedication in maximising values for our customers and shareholders.



# CHAIRMAN'S STATEMENT

# Chairman's Statement

I am pleased to present to you the results of AMS Public Transport Holdings Limited (the "Company") for financial year 2005, the first Anniversary of its listing on the Main Board of The Stock Exchange of Hong Kong. As the first GMB routes operator listed in Hong Kong, we continue to work on our strength and look for improvement in our GMB fleet operating efficiency and productivity, as well as our service quality.

## Review of Operations

In financial year 2005, Hong Kong's economy continued to rebound strongly from the aftermath of the Severe Acute Respiratory Syndrome ("SARS") outbreak in last financial year. The resumed economic and social activities boosted the organic growth of our routes. As a local transportation provider, we had benefited from the economic recovery with an increase in the number of passengers carried from 43.9 million in last financial year to 46.9 million in financial year 2005, representing a 6.8% growth.

Starting with only two scheduled GMB routes depart from Aberdeen, the Group has amassed a proven track record in the operation of GMB routes in the past three decades and has successfully grown to become one of the leading GMB routes operators in Hong Kong. In order to meet the growing demand for minibus services in southern district, Mid-Levels and Cyberport, the Group introduced four new routes in financial year 2005, and as a result, the number of routes operated by the Group increased from 40 to 44 as compared to the end of financial year 2004. To accomplish our extended service network and organic growth in the existing routes, the Group deployed extra GMBs with our fleet size enlarged from 278 GMBs at the end of last financial year to 285 GMBs as at 31 March 2005.

We will not rest on our laurels and instead continue to enhance our service quality. The Group has implemented various measures to improve the fleet age, cabin facilities and customer services resulting an increase in turnover by 7.1% or HK\$16.8 million to approximately HK\$254.9 million in financial year 2005, as compared with HK\$238.1 million in last financial year.

Although the surging fuel price did not have a significant impact on our financial performance for financial year 2005, we will continue to implement cautious measures to mitigate the risk and optimise the cost structure. As a leading Hong Kong based GMB routes operator, our business is all about providing people with high quality services. Our corporate culture and long-term objectives are based on our commitment to service excellence and best results.

## Future Prospects

As at 31 March 2005, our business shared 10.3% of the local GMB market. As the market share (in terms of number of passengers carried) of GMB services amongst the local public transport industry rose from 10.6% in financial year 2004 to 11.3% in that of 2005, we believe the local GMB sector is able to sustain a stable growth. In addition, the Government's intention to phase out red minibus ("RMB") by GMB will improve the industry efficiency and bring in opportunities for market consolidation. Looking ahead, the Group will continue to capture the tremendous opportunities to expand our route network coverage brought forth by the growing popularity and increased demand of GMB services as well as growth resulted from mergers and acquisitions.

In the coming year, the Group plans to further expand the fleet size from 285 at present to 295 GMBs so as to meet the growing passenger demand in Southern District. The completion of residential development in Cyberport will also reinforce the demand for the GMB services and provide an opportunity for the Group to extend its service network.

Our core values are not only providing excellent journey, but also caring for the community.

## Chairman's Statement (continued)

The management views safety and premium quality of service as the key business success factors in our operation. The Group will continue to invest in information technology and related equipment in order to upgrade the operating efficiency and fleet management. In order to further improve our fleet age, the Group also plans to replace 49 aged minibuses in the coming financial year. We expect our passengers will enjoy their ride on the well-equipped and comfortable minibuses.

While the Group maintains stable and continuing growth in the GMB transportation services, for the benefits of the shareholders and the Company as a whole, the Directors will also explore new business opportunities to strengthen our business.

### Investor Relations

On 25 October 2004, the Company entered into an agreement to place 20 million new shares to Value Partners Limited ("VPL"), a prestigious fund house in Hong Kong. The Board believes that the private placement to an institutional investor will strengthen the Group's financial position, increase the liquidity of the Company's shares and broaden the shareholders base of the Company. With proceeds of approximately HK\$22.8 million, the Group is now in an even stronger position to expand business and create greater returns for shareholders.

### Social Responsibility

Apart from maximising shareholders' value, the Group is very clear about our responsibility towards our community and the environment. Over the years, the Group has actively participated in various community services and has incorporated environmental considerations into every aspect of its operation, including the gradual replacements of the established fleet by the environmental friendly Euro III or Liquefied Petroleum Gas ("LPG") minibuses.

As a responsible service provider, provision of safe and reliable service is always our top priority. We are proud of ourselves that we act beyond the Government's requirements. The Group had already installed the speed display units and high-backed seats in the fleet before the enactment of the related statutory regulations. Also, in order to lower the accident rate, our operation team (including superintendents and drivers) has been provided with



trainings and seminars to improve their driving skills and promote their awareness in road safety.

### Appreciation

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to our passengers, business partners and associates, as well as shareholders for their continuous support. Last but not least, I would like to thank the staff and management for their concerted efforts in helping the Group to accomplish our achievements today.

**Wong Man Kit**  
Chairman

Hong Kong, 17 June 2005