

As one of the leading GMB routes operators in Hong Kong, we are looking forward to business opportunities to expand our GMB services, providing feeder services to railway stations. We continue to put emphasis on improving our GMB fleet operating efficiency and productivity, as well as our service quality.



# CHAIRMAN'S STATEMENT

# Chairman's Statement

I am pleased to present to you the results of AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the financial year ended 31 March 2006.

## Financial and Business Review

The continued strength in Hong Kong economy undoubtedly boosted the growth of all sectors during the year. The green minibus ("GMB") industry has well benefited from the economic upswing and the Group recorded a growth in turnover of 4.1%. As at 31 March 2006, the Group operated 46 routes and the fleet size expanded alongside with the organic growth in passenger demand and rose to 291 GMBs. The Group also recorded 3.7 million GMB journeys, surpassed the requirement of Transport Department by approximately 39.1%.

The Group is glad to see an increase in total patronage by approximately 4.9% to 49.2 million. We believe the sustainable growth is a result from the Group's persistent efforts to uplift service quality and efficiency.

The past year was a difficult year for the transportation industry in terms of increase in fuel price, insurance premiums, etc. However, the Group decided not to increase fare in consideration of public acceptance and affordability. Instead, the Group undertook stringent cost-control measures to relieve the impact from rising operation costs. Nevertheless, the Group's net profit was inevitably adversely affected by the fluctuation in fuel price.

The Group is determined to put every effort possible into promoting the overall standard of the GMB industry. The Group kept deploying environmentally friendly Euro III diesel (or LPG) GMBs to replace aged GMBs. The new GMBs helped the Group to reduce costs of repair and maintenance and improve fleet image, and more importantly they are beneficial to the community by improving gas emission quality, promoting road safety as well as travelling comfort. Moreover, we are devoted to promote safety, the core value of the Group. During the year, the Group extended the installation of speed display units to all GMBs, provided regular training courses to drivers, conducted surprise-checking and secret checking, etc, with a view to keep road safety rooted among our staff. We believe our efforts will set an excellent exemplar to the GMB industry.

## Major Transaction

On 9 January 2006, the Group entered into a Share Transfer Agreement to acquire 80% equity share in Chinalink Express Holdings Limited ("Chinalink") with a total consideration of HK\$120,000,200. Chinalink is principally engaged in the provision of cross-border coach services between Hong Kong and Guangdong province. The Group is optimistic that the cross-border coach service market is poised to boom given the closer connection between Hong Kong and China nowadays. Riding on our experience and commitment in local public transport service, we will strive to develop public transport services in Mainland China in the future.

Our initiatives reflect our relentless commitment to become a significant public transport service provider in Hong Kong.

# Chairman's Statement (continued)

## Corporate Social Responsibility

As a successful and responsible corporate citizen, we are fully aware of our responsibility to serve the community, to protect the environment, and to be concerned about current affairs.

Highlights of our involvement in community included our proactive participation in the 'Let's beat the flu' Launching Ceremony organised by the Hospital Authority in November 2005, and the 'PLB Safety Campaign' organised by the Transport Department and Road Safety Council in January 2006. The Group also continued to support the community through expanding the coverage of our GMB-GMB Interchange (GGI) schemes and offering fare concessions for passengers travelling on relatively long distance routes. On the other hand, our effort in replacing aged GMBs with environmentally friendly Euro III diesel (or LPG) GMBs to improve gas emission quality, and our dedication to carry out 3R-Reuse, Recycle, Reduce at our administrative office, are well communicated internally to promote environmental protection.

## Prospects

The transportation network in Hong Kong is getting more and more comprehensive, especially with more railway lines launching. As a leading GMB routes operator, we see this as a great opportunity for our business expansion instead of direct competition. We will leverage our strength to provide feeder service and point to point service to supplement the railway services, and grow along with the development of local transportation network.

It is predicted that the fuel price will not abate in the short term, and we expect another challenging year coming. Yet, we possess an experienced management team which will closely monitor the effects from high fuel costs and realign corporate strategy accordingly. We are confident to keep the fuel price impact minimal and maintain profitability of the Group.

We pledge to improve our services and vehicle quality continuously, and provide the public with comprehensive PLB related services.



## Chairman's Statement (continued)

The close connection between Hong Kong and China nowadays does not only benefit trade and tourism, but also the transportation industry. The Group successfully grasped an investment opportunity in the cross-border coach service in May 2006, enabling the Group to expand its operation to other road transportation business which has enormous room for development. We are excited to see the contributions made by this new business segment in the coming year.

We will continue to deliver quality services to our passengers by providing a fast, reliable and comfortable mode of transport. The Group will also make every effort to improve its management and enhance its efficiency, with a view to enlarging its market share and improving its earnings. Having established our foothold in China, the Group will identify more favourable investment opportunities. We pledge to maintain high standards in our transportation businesses and to generate more returns to our shareholders.

### **Appreciation**

On behalf of the board, I would like to express my gratitude to our passengers, business partners, associates as well as our shareholders for their continuous support. Our employees also continued to demonstrate their dedication and high level of performance in the past year. The Board would like to thank all of them for their invaluable contributions and we look forward to their continued support moving forward.

**Wong Man Kit**  
**Chairman**

Hong Kong, 12 July 2006