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)

ANNUAL REPORT 年度報告書

2013/14

Contents

Company Information

Board of Directors

Mr. Wong Man Kit *Chairman*
Ms. Ng Sui Chun
Mr. Wong Ling Sun, Vincent *Vice Chairman*
Mr. Chan Man Chun *Chief Executive Officer*
Ms. Wong Wai Sum, May
Dr. Lee Peng Fei, Allen*
Dr. Chan Yuen Tak Fai, Dorothy*
Mr. Kwong Ki Chi*

* *Independent Non-Executive Directors*

Authorised Representatives

Mr. Wong Man Kit
Mr. Chan Man Chun

Audit Committee

Dr. Lee Peng Fei, Allen
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi

Company Secretary

Ms. Wong Ka Yan

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
The Cayman Islands

Head office and principal place of business in Hong Kong

11th–12th Floor, Abba Commercial Building,
223 Aberdeen Main Road, Aberdeen,
Hong Kong

Hong Kong share registrar and transfer office

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre,
Town Place, 33 Lockhart Road,
Wan Chai, Hong Kong

Principal Bankers

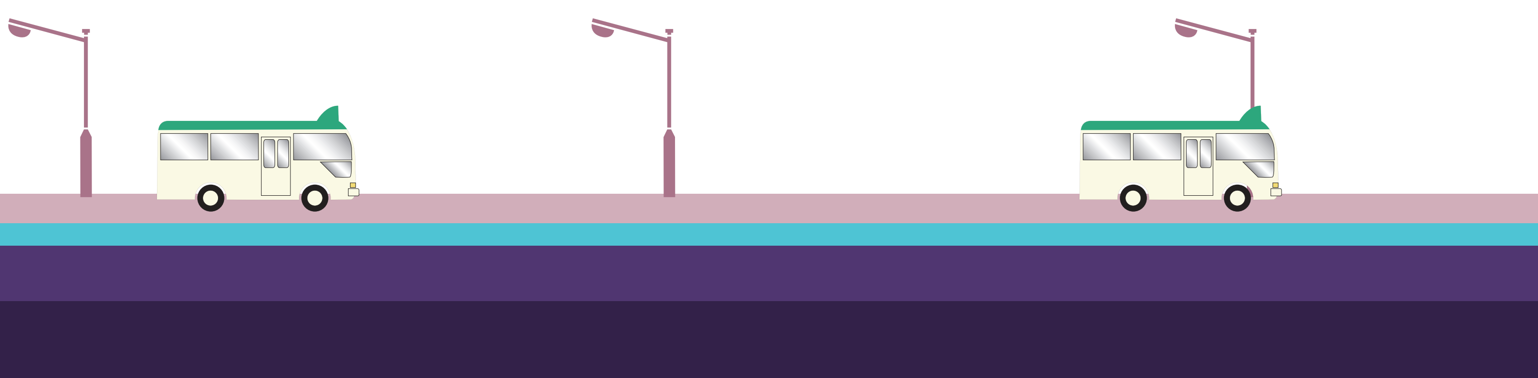
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

Legal Advisers

W. K. To & Co.

Auditors

Grant Thornton Hong Kong Limited
Certified Public Accountants



Corporate Profile

AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the operation of franchised public light bus ("PLB"), also commonly known as green minibus, transportation services in Hong Kong.

With over 39 years of experience in the local franchised PLB transportation sector, the Group is one of the leading franchised PLB operators in Hong Kong. Currently, the Group operates 60 franchised PLB routes with 361 PLBs and two residents' bus routes with three public buses ("PB(s)"). The Group's fleet is well-equipped with environmentally friendly PLBs and state-of-the-art facilities, in particular, the long-wheeled PLBs that offer spacious seats to give enhanced sitting comfort for passengers.

The Group is committed to passenger safety in all aspects of its operations. Since 2011, the Group has been awarded the ISO 9001:2008 quality management system certification for its computerised repair and maintenance centres, making it the only franchised PLB operator in the Hong Kong Special Administrative Region ("Hong Kong") to gain such a prestigious quality accreditation.

Financial and Operating Highlights

Financial Highlights	Unit	2014	2013	Change
Financial results				
Turnover	HK$'000	**357,446**	358,733	-0.4%
Profit for the year excluding deficit on revaluation of PLB licences and provision for impairment of goodwill	HK$'000	**8,106**	4,771	+69.9%
Loss attributable to equity holders of the Company	HK$'000	**(18,144)**	(39,563)	-54.1%
Basic loss per share	HK cents	**(6.82)**	(14.87)	-54.1%
Proposed special dividend per ordinary share	HK cents	**1.0**	5.0	-80.0%
Loss margin (loss attributable to equity holders/turnover)		**-5.1%**	-11.0%	
Return on equity (loss attributable to equity holders/shareholders' equity)		**-6.7%**	-12.5%	
Financial position				
Borrowings	HK$'000	**156,736**	156,123	+0.4%
Shareholders' equity	HK$'000	**269,251**	316,451	+14.9%
Liquidity ratio (current assets/current liabilities)	Times	**1.92**	2.21	
Gearing ratio (total liabilities/shareholders' equity)		**66.0%**	56.3%	

Financial and Operating Highlights

Operating Highlights	Unit	2014	2013	Change
Number of PLBs in service as at year end		**364**	369	-1.4%
Number of PBs in service as at year end		**3**	3	–
Number of franchised PLB routes as at year end		**60**	60	–
Number of residents' bus routes as at year end		**2**	2	–
Number of passengers carried	million	**58.7**	61.1	-3.9%
Number of journeys traveled	million	**4.2**	4.3	-2.3%
— percentage of the journeys traveled surpassing the total number of scheduled journeys required by Transport Department		**34.9%**	37.1%	-2.2%
Total mileage operated	million kilometers	**42.7**	43.8	-2.5%
Average PLB fleet age as at year end	years	**10.3**	9.6	+7.3%
Average accident rate*	per million km	**2.7**	2.4	+12.5%

* The figures refer to accidents involving injury or death

Chairman's Statement

Wong Man Kit
Chairman

On behalf of the Board of Directors of the Company (the "Board"), I hereby present to you the results of the Group for the year ended 31 March 2014.

Results for the Year

For the year ended 31 March 2014, the Group recorded a loss attributable to equity holders of HK$18,144,000 (2013: HK$39,563,000). The results for the year included a significant non-cash deficit on revaluation of PLB licences of HK$26,250,000 (2013: HK$12,347,000). Excluding the effect from the deficits on revaluation of PLB licences and the one-off provision for impairment of goodwill amounting to HK$31,987,000 recorded last year, the profit of the Group increased by 69.9% or HK$3,335,000 to HK$8,106,000 (2013: HK$4,771,000).

Dividends

Basic loss per share for the year was HK6.82 cents (2013: HK14.87 cents). Having carefully considered the financial performance and the future cashflows of the Group under the challenging business environment, the Board recommended a special dividend of HK1.0 cent per ordinary share (2013: a special dividend of HK5.0 cents per ordinary share), totaling HK$2,661,000 for the year ended 31 March 2014 (2013: HK$13,306,000). No final dividend was recommended by the Board for the year and the last financial year.

Review of Operation

The business environment of the minibus industry was still challenging during the year under review. The high operating cost, worsening traffic congestion and shortages of captains have affected the reliability and viability of the Group's PLB services. Coupled with the impact of outflow of passengers to MTR and franchised buses since the Government of Hong Kong ("Government") launched the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("Fare Concession Scheme") in June 2012, the Group decided to slightly downsize the PLB fleet in particular routes with decreased demand or deepened losses.

As at 31 March 2014, the PLB fleet size of the Group reduced by 1.4% to 364 (2013: 369) while the number of PLBs routes operated by the Group maintained at 60 (2013: 60). The number of journeys traveled for the year was 4.2 million, representing a drop of 2.3% compared to last year (2013: 4.3 million). The patronage of the Group decreased by 3.9% to around 58.7 million (2013: 61.1 million) compared with last year. To combat with the inflating operating costs, the Group continued to submit fare rise application to the Transport Department. Fare rise in 45 routes at rates ranging from 2.3% to 15.4% was approved during the year (2013: 18 routes at rates ranging from 3.0% to 11.4%). However, the effect of fare rise was completely

Chairman's Statement

offset by the drop in patronage, the turnover of the Group for the year slightly dropped by HK$1,287,000 or 0.4% to HK$357,446,000 (2013: HK$358,733,000).

As reported in the Group's last annual and interim reports, in February 2013, the Transport Department approved the route rationalisation plan of Hong Kong Maxicab Limited ("HKM"), a wholly owned subsidiary of the Company which runs the routes 10, 10P, 31, 31X between Causeway Bay and Southern District. The first-phase route rationalisation, which included fare rise, fleet size reduction and launch of express anciliary routes and residents' bus route, came into effect in February 2013 and considerably improved the operation efficiency of the routes. To enhance better utilisation of resources, the management further reduced the PLB fleet size of HKM by two during the year. The above arrangements successfully mitigated the operating loss of the routes of HKM by 53.7%. The management will continue to monitor and evaluate the performance of HKM and propose further rationalisation plans where necessary.

The fleet size reduction in routes with lower demand, including the routes under HKM, enabled a more efficient use of resources in the fleet and brought about an increase in the gross profit of the Group. Excluding the effect from the non-cash deficits on revaluation of PLB licences and the one-off provision for impairment of goodwill recorded last year, the profit for the year of the Group increased by 69.9% or HK$3,335,000 to HK$8,106,000 (2013: HK$4,771,000). However, the drop in the market value of PLB licences resulted in a deficit on revaluation of PLB licences and in turn reduced the profit by HK$26,250,000, and thus, the Group recorded a loss attributable to equity holders of HK$18,144,000 (2013: HK$39,563,000).

Prospects

Looking ahead, the operating environment of the Group is full of opportunities and challenges in the near future. As announced by the Chief Executive of Hong Kong in his 2014 Policy Address, the Government will extend the Fare Concession Scheme to green minibuses by phases starting from the first quarter of 2015. The Transport Department had communicated the application details with the industry and the Group has made arrangements accordingly to make sure that it is eligible to join the Fare Concession Scheme. With the competitive advantages of convenience and efficiency, the Group is confident that the Fare Concession Scheme will ease the outflow of passengers to MTR and franchised buses, and possibly attract more passengers to use the Group's minibus service.

The completion of the MTR West Island Line and South Island Line (East) is definitely a significant challenge to the Group. The West Island Line will extend the existing MTR Island Line service from Sheung Wan to Kennedy Town and is expected to be completed in late 2014. The South Island Line (East) will extend the MTR Island Line service from Admiralty to South Horizons, Ap Lei Chau and is expected to be completed in 2016. The Group anticipates that 20 of its existing PLB routes will be affected by the West Island Line and South Island Line (East) in varying degrees. On the other hand, the West Island Line and South Island Line (East) may attract passenger flow into the local areas which will likely raise the demand for rider service, this may bring opportunities to the Group. The management expects that eight existing PLB routes will benefit from the two new MTR lines. Nevertheless, it is too early to assess the potential overall impact of the new MTR lines to the Group at present. The Group will closely monitor the traffic and passenger flows in the relevant district and respond quickly to minimise any negative effects which may be brought by the West Island Line and South Island Line (East). More importantly, the Group will pro-actively strengthen its rider service position by launching new ancillary express routes running between the MTR stations and other areas of the Western and Southern District.

As for the operating costs, presently the management does not foresee any circumstances which would drive the operating costs substantially down in the short run. Apart from continuous submission of reasonable fare rise applications to the Transport Department so as to maintain its service quality, the Group will continue to optimise operating costs internally by adjusting the fleet size, the routes and/or the service schedules after due evaluation of the passenger demand. We will also continue to propel routes structuring to make sure that our service can meet the prevailing needs of the public. The management will take the initiative to approach and communicate with community groups which may have special concerns on our route rationalisation plans so as to speed up the restructuring process.

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, 23 June 2014

Management Discussion and Analysis

AMS's objective is to propel the Group into a prominent market position by providing the public with reliable, safe and comfortable journeys, and hence maximising shareholders value. The Group endeavors to achieve its objective by maintaining a team of management expertise and putting continuous effort in improving fleet productivity, efficiency and service quality.

Review of Operation

- As at 31 March 2014, the Group operated 60 PLB routes (2013: 60) and 2 residents' bus routes (2013: 2). Owing to the aggravated shortage of captains and traffic congestion, the service frequency and patronage of the PLB service were inevitably affected. Furthermore, after assessing the latest passenger demand and the impact from the Fare Concession Scheme, the Group reduced 5 PLBs during the year. The PLB fleet size of the Group was slightly reduced by 1.4% to 364 (2013: 369) as at 31 March 2014. The fleet size of the residents' bus routes remained at 3 (2013: 3).

- Owing to the fleet size reduction, the aggravated shortage of captains and traffic congestion, the number of journeys traveled for the year was 4.2 million, representing a drop of 2.3% compared to that of last year (2013: 4.3 million). The total mileage traveled by the Group also decreased by 2.5% to around 42.7 million kilometers (2013: 43.8 million kilometers). The patronage of the Group decreased by 3.9% to around 58.7 million (2013: 61.1 million) compared with that of last year.

- Although the Group was granted approval to raise the fares in 45 routes at rates ranging from 2.3% to 15.4% during the year (2013: 18 routes at rates ranging from 3.0% to 11.4%), the drop in patronage drove the turnover down slightly by HK$1,287,000 or 0.4% to HK$357,446,000 (2013: HK$358,733,000) during the year.

- The average PLB fleet age increased to 10.3 years (2013: 9.6) as at 31 March 2014. The Group used to replace the aged PLBs regularly to avoid mechanical breakdowns due to vehicles aging and enhance operating efficiency. However, as previously reported in the past annual reports, the filtering procedure and technical problems of the Euro IV or Euro V diesel minibuses has brought unpredictable halts to the operations of the minibuses, therefore, the Group has suspended further upgrades on its old minibuses to the Euro IV or Euro V diesel minibuses model.

Management Discussion and Analysis

To meet the latest stringent emission standards, the Euro IV or Euro V diesel minibuses must go through filter regeneration to remove diesel particulates accumulated in the filter systems. Since the journeys of minibuses in Hong Kong are relatively short, the filter regeneration cannot be completed during the interrupted operation of the engines. Indeed, the minibuses must be motionless to run filter regeneration for at least 20 minutes or sometimes even up to one hour where a certain quantity of particulates has been accumulated. Furthermore, some technical problems of the Euro IV and Euro V diesel minibuses also caused frequent breakdowns which increased the repairing costs and down time of the fleet. All these problems forced the Group to stop its regular aged minibuses replacement with Euro IV or Euro V diesel minibuses starting from financial year 2009/10.

Presently, Liquefied Petroleum Gas ("LPG") minibus is the better alternative. The Group deployed eight LPG minibuses to replace the aged diesel minibuses during the year ended 31 March 2014. The Group deployed 262 diesel PLBs (2013: 270) and 102 LPG PLBs (2013: 99) as at 31 March 2014. However, extensive replacement by LPG minibuses is not an ideal solution because the operators need to face the problem of insufficient numbers of LPG filing stations in Hong Kong, especially in districts where the Hong Kong Island routes of the Group are running. The representatives of the minibus industry have expressed the industry's concern to the Government over the years. Regrettably, the Government has maintained its policy of allowing the mere import of Euro V or more advanced diesel minibuses without providing any technical support or solutions to the industry. The Group has no other option but to suspend its regular replacement plan and to wait for the introduction of new minibus models or the provision of technical solutions to the above problems by the vehicle manufacturers.

Despite the problems above, the Group is still keen to look for reliable energy saving vehicles for the sake of environmental protection and fleet efficiency. The first hybrid minibus, which is developed and manufactured by a local green innovation company, was introduced to the fleet in November 2013. The Group has been carefully observing the vehicle performance of the new hybrid minibus and pro-actively communicating its feedback to the manufacturer in order to facilitate the customisation process. The Group will continue to observe the functioning of the new hybrid minibus before confirming any further deployment.

Financial Review

Consolidated results for the year

For the year ended 31 March 2014, the Group recorded a loss attributable to equity holders of HK$18,144,000 (2013: HK$39,563,000). The details of the consolidated results are presented below:

	2014 HK$'000	2013 HK$'000	Increase/(Decrease) HK$'000	In %
Turnover	**357,446**	358,733	(1,287)	-0.4%
Other revenue and other net income	**8,363**	8,696	(333)	-3.8%
Direct costs	**(320,512)**	(326,250)	(5,738)	-1.8%
Administrative and other operating expenses	**(32,539)**	(32,561)	(22)	-0.1%
Deficit on revaluation of PLB licences	**(26,250)**	(12,347)	13,903	+112.6%
Provision for impairment of goodwill	**–**	(31,987)	(31,987)	-100.0%
Finance costs	**(3,227)**	(3,224)	3	+0.1%
Income tax expense	**(1,425)**	(623)	802	+128.7%
Loss for the year	**(18,144)**	(39,563)	(21,419)	-54.1%
Profit for the year excluding deficit on revaluation of PLB licences and provision for impairment of goodwill	**8,106**	4,771	3,335	+69.9%

Management Discussion and Analysis

- Although the fare rise of 45 routes at rates ranging from 2.3% to 15.4% was effective during the year, its effect was offset by the drop in patronage. Thus, the turnover of the Group was slightly reduced by HK$1,287,000 or 0.4% to HK$357,446,000 (2013: HK$358,733,000).

- The decrease in direct costs by HK$5,738,000 or 1.8% to HK$320,512,000 (2013: HK$326,250,000) was mainly attributable to:

  (i) The reduction in fuel costs by HK$4,473,000 or 5.8% to HK$72,886,000 (2013: HK$77,359,000), which was due to the drop in average fuel prices and fuel consumption. With increased diesel rebates offered by the suppliers, the average diesel and LPG unit price slightly dropped by 0.9% and 1.6% respectively during the year. The fuel consumption also reduced in line with the decrease in the total mileage traveled by the Group; and

  (ii) The PLB rental expenses dropped by HK$2,337,000 or 2.8% to HK$80,834,000 (2013: HK$83,171,000), which was mainly attributable to the decreased use of leased PLBs following the reduction in fleet size.

- The Group continued to face the problem of shortage of captains during the year. In order to attract and retain the captains, the Group rose the captains pay by around 5.4% in weighted average in the third quarter of the financial year. However, with the decrease in the number of journeys traveled during the year, the total labour costs of captains was HK$117,034,000 (2013: HK$116,917,000), which was roughly the same as that of the last year.

- The fair value of a PLB licence dropped by 5.3% for the last financial year to HK$6,290,000 as at 31 March 2013. The devaluation had accelerated during the year, as a result, the fair value of a PLB licence was further reduced by 11.9% to HK$5,540,000 (2013: HK$6,290,000) and a deficit on revaluation of PLB licences of HK$26,250,000 (2013: HK$12,347,000) was recorded.

  According to the applicable accounting standards, the PLB licences are revalued with reference to their market value at each reporting date. Nevertheless, instead of holding for investment purpose, all the PLB licences owned by the Group are for operational use. The accounting revaluation of the PLB licences should be considered separately because the volatility of their market value has no significant impact on the Group's core operation.

- Last year, having carefully considered a valuation carried out by an independent professional valuer on the profitability of HKM, the Group recognised an impairment loss of HK$31,987,000, being the entire of goodwill on acquisition of HKM.

- As previously reported, the Transport Department approved the route rationalisation plans for routes 10, 10X, 11 and 31 under HKM in February 2013. Under the route rationalisation plans carried out in February 2013, HKM rose the fares, reduced its PLB fleet size by five, terminated two low demand routes, 10X and 11, and introduced two express ancillary routes to supplement the service. HKM also deployed two PBs to run a new residents' bus route. After evaluating the restructured service, HKM further reduced the PLB fleet size by two during the year. The above rationalisation arrangements considerably improved HKM's operation efficiency and cost structure by reducing major costs like fuel consumption and rental paid for leased PLBs. Although the routes under HKM still recorded loss for the year, the route rationalisation helped reduce the operating loss of HKM's routes by approximately HK$3,500,000, which was also the main reason for the improvement of the Group's operating performance for the year.

- Since the average borrowing interest rates of 2.06% (2013: 2.08%) and the average balances of outstanding bank loans maintained at similar level as that of last year, the finance costs of the Group for the year was HK$3,227,000 (2013: HK$3,224,000), not significantly different from the costs of last year.

Management Discussion and Analysis

- During the year, income tax expense increased by HK$802,000 or 128.7% to HK$1,425,000 (2013: HK$623,000). Excluding the effect of deficit on revaluation of PLB licences and the provision for impairment of goodwill, both being non-deductible expenses, the effective tax rate for the year was 15.0% (2013: 11.5%). The effective tax rate for last year was lower mainly because of the non-taxable gain from disposal of a property amounting to HK$1,157,000.

Cash flow

	2014 HK$'000	2013 HK$'000
Net cash from operating activities	**11,543**	2,564
Net cash used in investing activities	**(6,586)**	(45,896)
Net cash used in financing activities	**(15,920)**	(5,490)
Net decrease in cash and cash equivalents	**(10,963)**	(48,822)

The net cash from operating activities was increased by HK$8,979,000 or 350.2% to HK$11,543,000 (2013: HK$2,564,000), as a result of the improved operating performance of the Group and the absence of a one-off bonus totaling HK$5,018,000 paid last year to an Executive Director of the Company for the discontinued operation. The net cash used in investing activities of HK$6,586,000 was mainly for the deposit and balancing payments for purchasing two PB licences, two PBs and one PLB. As for the net cash used in financing activities of HK$15,920,000, the main components included (i) the dividends payment to the equity holders of the Company of HK$13,306,000; (ii) repayment of borrowings and interests amounting to HK$12,214,000; and net of (iii) the cash received upon drawing down of new bank borrowings amounting to HK$9,600,000. Please refer to the consolidated cash flow statement and note 34 to the consolidated financial statements on page 86 of this annual report respectively.

Capital Structure, Liquidity and Financial Resources

Liquidity and financial resources

The Group's operations are mainly financed by proceeds from its operations.

The current ratio (current assets/current liabilities) decreased to 1.92 at year end (2013: 2.21) as a result of the net decrease in the cash and cash equivalents by HK$10,963,000 as explained above. The gearing ratio (total liabilities/shareholders' equity) as at year end increased to 66.0% (2013: 56.3%) due to the decrease in the balance of shareholders' equity by HK$47,200,000 to HK$269,251,000 (2013: HK$316,451,000) at year end, compared with previous year. The drop in balance of shareholders' equity for the year was mainly attributable to the deficit on revaluation of PLB licences totaling HK$42,000,000, of which HK$26,250,000 was charged to income statement.

As at 31 March 2014, the Group had bank facilities totaling HK$166,036,000 (2013: HK$165,423,000), of which HK$156,736,000 (2013: HK$156,123,000) were utilised.

Borrowings

As at 31 March 2014, the total borrowings balance was HK$156,736,000 (2013: HK$156,123,000). During the year, new bank borrowings amounting to HK$9,600,000 were drawn for the purpose of purchasing PBs and PB licences. Offsetting with the scheduled repayments of the year totaling HK$8,987,000, the total borrowings balance as at 31 March 2014 stood at similar level as last year.

The maturity profiles of the borrowings are as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**9,320**	8,837
In the second year	**9,512**	9,021
In the third to fifth years	**29,758**	28,209
After the fifth year	**108,146**	110,056
	156,736	156,123

Management Discussion and Analysis

Bank balances and cash

As at 31 March 2014, the Group had bank balances and cash amounted to HK$48,393,000 (2013: HK$59,284,000). 89.5% (2013: 92.0%) of the bank balances and cash as at 31 March 2014 was denominated in Hong Kong dollars and the remaining bank balances and cash were denominated in Renminbi.

Credit risk management

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

Foreign currency risk management

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

Interest rate risk management

The Group's interest rate risk arises primarily from its borrowings. All borrowings as at 31 March 2014 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates the currency risk and the management is of the view that the Group is not subject to significant interest rate risk.

Pledge of assets

The pledged assets are as follows:

	2014 HK$'000	2013 HK$'000
PLB licences	**249,300**	270,470
Property, plant and equipment	**4,368**	4,749

Capital expenditure and commitment

The total capital expenditure for the year was HK$5,156,000 (2013: HK$52,530,000), mainly for purchasing one PB licence, two PBs and one PLB. As at 31 March 2014, the capital commitment was HK$2,013,000 (2013: HK$532,000), mainly for purchasing a PB licence for operational use.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses incurred for the year were HK$152,609,000 (2013: HK$150,730,000), representing 42.7% (2013: 41.6%) of the total costs. Apart from the basic remuneration, double pay and/or a discretionary bonus are granted to eligible employees in accordance with the Group's performance and individual's contribution. Other benefits including share option scheme, retirement plan and training schemes are also provided to the staff members.

Event after balance sheet date

Subsequent to the balance sheet date and up to 31 May 2014, based on the valuation estimated by the Directors, the market price of a PLB licence further dropped to approximately HK$5,470,000 compared with its fair value of HK$5,540,000 as at 31 March 2014. Therefore, the unaudited deficit on revaluation of PLB licences charged to consolidated income statement for the two months ended 31 May 2014 was approximately HK$2,450,000.

Corporate Social Responsibility

Safety Awareness

Safety of the passengers and the frontline staff 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. The Group is committed to providing safe, comfortable and reliable journeys to our passengers. The safety of its operations is enhanced by ways of continuous training and education, and comprehensive maintenance programmes.

The Group organised courses and seminars on road safety throughout the year, which helped to raise safety and risk awareness and improve work practices of our staff. Some of these courses and seminars were co-organised by the Group and the Traffic Division of the Hong Kong Police Force. To enforce safety guidelines and cultivate a professional and responsible driving attitude among captains, the Group has adopted stringent code of conduct and captains' guidelines, conducted spot checks and arranged inspection personnel disguised as passengers to make timely reports for any misbehaviour of the captains. These programmes were designed to minimise the occurrence of accidents as we are committed to maintaining a low accident rate. Tips to passengers are also posted at prominent locations inside the minibuses to remind the passengers of the safety on board.

The Group has implemented comprehensive maintenance programmes to ensure proper checks and maintenance of the vehicles. In order to ensure the quality and effectiveness of the repairing process, the Group has put great efforts into the computerisation of the repairing management system in recent years. The Group has been rewarded the ISO 9001:2008 quality management system certification for its dedication to enhance its repairing and maintenance centres since January 2011, making the Group the only franchised PLB operator in Hong Kong having such a prestigious accreditation.

The average accident rate was 2.7 per million km for the year ended 31 March 2014 (2013: 2.4 per million km). The accident rate increased because the overall quality of captains was affected by the shortage of supply of quality captains in the market. Apart from enhancing the new captains' safety awareness by strengthening their orientation training, the management also sought to tackle this issue by adjusting the captains' pay during the year with the average pay rise being around 5.4%, in the hope that increasing the attractiveness of the captains' remuneration would reduce the captains' turnover.

Environmental Protection

The Group is dedicated to protecting the environment and promoting sustainable development for the betterment of our next generation. To improve air quality, the whole fleet of vehicles adopts Euro V diesel or LPG and the captains are also required to strictly comply with the legal requirements of idling engine ban.

The Group supports the environmental protection policy of the Government. However, owing to the technical problems found in the latest model of diesel minibuses which has been discussed in the "Management Discussion and Analysis" section, the Group has no choice but to suspend its regular replacement plan. Nevertheless, when the replacement of aged minibuses is necessary, the Group will first consider deploying new LPG minibuses.

The Group also promotes a "Green" concept in the administrative office. Staff members are encouraged to minimise paper and electricity consumption, reuse and recycle used papers and used plastic cartridges in copying machines and printers. Green plants are also grown in different corners of the office to offer greenery environment to the staff.

ENVIRONMENTAL INDICATORS	unit	2014	2013
GHG Emissions (CO_2 equivalent)			
Direct sources			
Fleet	tonnes	**23,358**	24,490
Indirect sources			
Electricity	tonnes	**231**	250
Water	tonnes	**2**	2
Paper	tonnes	**13**	12
Total GHG emissions	tonnes	**23,604**	24,754
Average fleet size (PLB and PB)	vehicle	**370.2**	374.9
Average GHG emissions per vehicle	tonnes	**63.8**	66.0

Corporate Social Responsibility

ENVIRONMENTAL INDICATORS	unit	2014	2013
Resources			
Consumption			
Diesel	Litre ('000)	**6,178**	6,639
LPG	Litre ('000)	**4,250**	4,208
Petrol	Litre ('000)	**29**	27
Electricity	MWh	**330**	357
Water	m^3	**4,277**	4,690
Paper	kg	**2,633**	2,554

Serving the Communities

The Group places great value on corporate citizenship and social responsibility. 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 participated in various community services and environmental protection projects. The activities that the Group sponsored or participated through its employees included Southern District's Road Safety Campaign, Southern District Football Club and elderly services organised by Aberdeen Kai-fong Welfare Association Social Service Centre etc. During the year, the Group continued to be nominated by Aberdeen Kai-fong Welfare Association Social Service Centre and was awarded as a "Caring Company" by The Hong Kong Council of Social Service in recognition of its contributions to community involvement programmes.

The Group also continued its support to the community through expanding the coverage of its GMB-GMB Interchange (GGI) schemes, and offering fare concessions to passengers travelling on long journeys and the elderly aged over 65 on specific routes. Our operation team maintained close communication with district and resident representatives and responded proactively to passenger needs.

During the year, the donation and sponsorship paid to the charities and other communities/district groups are as follows:

	2014 HK$'000	2013 HK$'000
Sponsorship	**199**	509
Donation	**13**	49
Total	**212**	558

Human Resources

The minibus industry is labour-intensive in nature. The Group considers its employees as its greatest assets.

As at 31 March 2014, the Group had a total of 1,245 employees (2013: 1,273). The remuneration packages of the employees include basic salaries, bonuses, traveling allowance and housing allowance. The level of remunerations is reviewed annually by reference to the market condition and individual merits. The Group also operates a share option scheme for eligible employees as incentives for their contributions to the Group.

The Group considers that staff development is important to improve the employees' abilities. Therefore, the Group encourages employees to attend in-house or external training courses or seminars at the Group's expense.

WORKFORCE INDICATORS	2014	2013
Number of Employees as at year end		
Directors	**8**	8
Administrative staff	**99**	104
Captains	**1,093**	1,115
Technicians	**45**	46
Total	**1,245**	1,273
By Gender (%)		
Male	**94.6**	95.1
Female	**5.4**	4.9
By Age Group (%)		
Under 30	**3.8**	4.7
30 to 39	**14.5**	16.7
40 to 49	**19.2**	19.6
50 to 59	**32.2**	33.0
Over 60	**30.4**	26.0
Staff Turnover Rate (%)	**35.8**	35.8
Number of Staff Training Hours	**410**	899

Corporate Governance Report

The Company is dedicated to ensuring that its business activities and other affairs are conducted in accordance with good corporate governance practices. The Board believes that good corporate governance practices facilitate effective management and healthy corporate culture, which are the keys to running a successful and sustainable business. In the opinion of the Board, a high standard of corporate governance and practices should emphasise sound internal controls, accountability and transparency, which will benefit the stakeholders and maximise shareholders values.

The Company is committed to devoting considerable effort to identify and formalise best practice of corporate governance. The Company has also set up corporate governance practices to meet all code provisions and some of the recommended best practices in Appendix 14 "Corporate Governance Code and Corporate Governance Report" (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Except a deviation from part of E.1.2 of the Code, the Company has met all the Code provisions and adopted some of the recommended best practices set out in the Code for the year ended 31 March 2014. Please refer to the summary below.

Deviation during the year ended 31 March 2014	The Company deviated from E.1.2 of the Code in that Mr. Wong Man Kit, the Chairman of the Board (the "Chairman"), was unable to attend the Annual General Meeting ("AGM") held on 30 August 2013 due to other important engagements. There were other Executive Directors of the Company who attended the AGM and answered questions raised at the meeting.
Major recommended best practices achieved during the year ended 31 March 2014	• The Board conducted evaluation of its performance annually as set out in B.1.9 of the Code; • The Company has adopted the internal control review guidelines set out in C.2.3 of the Code; and • A whistle-blowing mechanism pertaining to C.3.8 of the Code has been set up for employees to report possible improprieties in financial reporting, internal control or other matters to the Audit Committee.

The Board of Directors

Composition of the Board

The Board is chaired by Mr. Wong Man Kit. The Board comprises five Executive Directors and three Independent Non-Executive Directors. Four board committees, namely Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee, are appointed by the Board to oversee different areas of the Group's affairs. The respective responsibilities of the Board and the board committees 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, dividends and accounting policies. The Board has delegated the authority of and responsibility for implementing the Group's business strategies and managing the daily operations of the Group's businesses to the Executive Committee. The Executive Committee comprises the five Executive Directors and is fully accountable to the Board.

Corporate Governance Report

All Independent Non-Executive Directors, whose designations as Independent Non-Executive Directors are identified in all corporate communications of the Company, bring a variety of experience and expertise to the Group and at least one of the three Independent Non-Executive Directors has appropriate professional qualifications or accounting or related financial management expertise. The Independent Non-Executive Directors participate in Board meetings to bring an independent judgment on the issues arising in the meetings and monitor the Group's performance in achieving the corporate goals and objectives. The Company maintains appropriate directors' and officers' liabilities insurance.

The Directors and the membership of each of the board committees as at the date of this annual report are as follows:

Board Committee / Board of Directors	Executive Committee	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors				
Mr. Wong Man Kit	C			
Ms. Ng Sui Chun	M			
Mr. Wong Ling Sun, Vincent	VC			
Mr. Chan Man Chun	M			
Ms. Wong Wai Sum, May	M			
Independent Non-Executive Directors				
Dr. Lee Peng Fei, Allen		M	M	C
Dr. Chan Yuen Tak Fai, Dorothy		M	C	M
Mr. Kwong Ki Chi		C	M	M

Notes: "C" means the chairman of the relevant board committee
"M" means a member of the relevant board committee
"VC" means the vice chairman of the relevant board committee

The Board members have no financial, business, family or other material/relevant relationships with each other save that (1) Ms. Ng Sui Chun is the spouse of the Chairman; (2) Mr. Wong Ling Sun, Vincent is the son of the Chairman and Ms. Ng Sui Chun and the brother of Ms. Wong Wai Sum, May; and (3) Ms. Wong Wai Sum, May is the daughter of the Chairman and Ms. Ng Sui Chun and the sister of Mr. Wong Ling Sun, Vincent. When the Board considers any proposal or transaction in which a Director or any of his/her associate(s) has an interest, such Director declares his/her interest and is required to abstain from voting. If a Director has conflict of interests in a matter to be considered by the Board which the Board has determined to be material, the matter must be dealt with by a physical Board meeting rather than a written resolution.

Corporate Governance Report

Each of the Independent Non-Executive Directors has confirmed in writing his/her independence from the Company in accordance with the guidelines on director independence in the Listing Rules. On this basis, the Company considers all Independent Non-Executive Directors to be independent. All Directors disclosed to the Board on their first appointment their interests as director or otherwise in other public companies or organisations and other significant commitments. Such declarations of interests and the respective time commitment are updated semi-annually and reported to the Company when there is any change.

The Board reviews its composition regularly to ensure that it has the appropriate balance of expertise, skills, experience and diversity of perspectives to continue to effectively oversee the business of the Group. Given the composition of the Board and the skills, knowledge and expertise that each Director exercises in his/her 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.

All Directors are encouraged to participate in continuous professional development and the Company is responsible for the costs of such trainings. Directors are required to provide a record of the training they received to the Company annually. The participation by Directors in the continuous professional development with appropriate emphasis on duties of a Director of a listed company and corporate governance matters during the year ended 31 March 2014 is as follows:

	Reading regulatory updates, newspapers and journals	Attending seminars/ conferences/ forums*
Executive Directors		
Mr. Wong Man Kit	√	√
Ms. Ng Sui Chun	√	√
Mr. Wong Ling Sun, Vincent	√	√
Mr. Chan Man Chun	√	√
Ms. Wong Wai Sum, May	√	√
Independent Non-Executive Directors		
Dr. Lee Peng Fei, Allen	√	√
Dr. Chan Yuen Tak Fai, Dorothy	√	√
Mr. Kwong Ki Chi	√	√

* including physical attendance or by webcast

Board Meetings

Regular Board meetings are held at least four times a year at approximately quarterly intervals and are scheduled in advance to facilitate the fullest possible attendance. Additional meetings may be called if necessary. The company secretary of the Company (the "Company Secretary") assists the Chairman in setting the agenda of Board meetings. Notices of regular Board meetings, including the 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/she wishes to discuss or propose at such meetings. Finalised agenda and Board papers are normally circulated to all Directors six days before the regular Board meetings to ensure timely access to relevant information. All Directors are supplied with adequate and sufficient information to enable them to make well-informed decisions and they are free to access the senior management of the Group to make further enquiries. The Chief Executive Officer (the "CEO") and the senior management are obligated to respond to the queries raised by the Directors in a timely manner.

The Board agrees to seek independent professional advice at the expense of the Company, upon reasonable request and approval of all Independent Non-Executive Directors. Draft and final versions of Board minutes are circulated to all Directors for their comments and records respectively. Final Board minutes are kept by the Company Secretary and are open for inspection by the Directors. The Company held four regular full Board meetings and three sets of written resolutions were passed during the financial year 2013/14.

Attendance of the regular full Board meetings during the year ended 31 March 2014 are as follows:

Executive Directors: Mr. Wong Man Kit, Chairman (4/4), Ms. Ng Sui Chun (4/4), Mr. Wong Ling Sun, Vincent (4/4), Mr. Chan Man Chun, the CEO (4/4) and Ms. Wong Wai Sum, May (4/4); Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (3/4), Dr. Chan Yuen Tak Fai, Dorothy (4/4) and Mr. Kwong Ki Chi (4/4).

Subsequently after the year end, the Board approved, among other matters, the appointment of Mr. Wong Ling Sun, Vincent, the Executive Director, as the Vice Chairman of the Board ("Vice Chairman") in a meeting held on 23 June 2014. For the duties and responsibilities of Vice Chairman, please see the section "Chairman, Vice Chairman and Chief Executive Officer" for details.

Corporate Governance Report

Board Committees

The Board delegates some of its duties and responsibilities to four board committees, namely, Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee. Clear terms of reference have been established for each of the board committees which will be discussed below. The board committees report back to the Board on their decisions or recommendations.

The Directors are of the view that they have the overall and collective responsibilities in performing the corporate governance functions of the Group and opt not to delegate this function to any board committee. The major responsibilities of the Board concerning corporate governance are:

- setting up and reviewing the Group's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Group's policies and practices in compliance with legal and regulatory requirements;
- setting up, reviewing and monitoring the code of conduct and compliance policies/guidelines applicable to employees and Directors; and
- reviewing the Group's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2014, the Board reviewed and amended the terms of reference of the Nomination Committee, and also set up a Board diversity policy in accordance with the amendment of the Code, which came into effect on 1 September 2013. Subsequently after year end, the Board amended the Board of Directors practical manual of the Company ("Board Manual") to set up a new post of Vice Chairman as recommended by the Nomination Committee. Further details are discussed in the section "Nomination Committee" of this corporate governance report.

Appointment and Re-Election of Directors

The Nomination Committee regularly reviews the structure, size and composition (including the skills, knowledge, experience and diversity considerations) 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.

At each AGM, 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. All Directors are subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association ("Articles") and are eligible for re-election and re-appointment. A Director who is appointed by the Board to fill a casual vacancy must retire at the first AGM of the Company after his appointment. Such Director is eligible for election at that AGM, but is not taken into account when deciding which and how many Directors should retire by rotation at that AGM.

All Independent Non-Executive Directors are appointed on a term of not more than three years and are subject to re-election. For any Independent Non-Executive Director who has served on the Board for more than nine years, his/her further appointment will be subject to a separate resolution to be approved by the shareholders. The Company shall disclose the reasons in the annual report or the circular why it considers such Independent Non-Executive Director to be independent and should be re-elected.

There is a formal letter of appointment for each Director setting out the key terms and conditions of his/her appointment. Every newly appointed Director shall receive a comprehensive, formal and tailored induction on appointment. Subsequently, the Company Secretary would arrange briefing and/or professional development trainings to develop and refresh the Directors' knowledge and skills, as well as ensuring that the Directors have a proper understanding of the Company's operations and business and other regulatory requirements updates.

The procedures for shareholders to propose a person for election as a Director are available on the Company's website at http://www.amspt.com/htdocs/investor/#cg.

Corporate Governance Report

Chairman, Vice 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 post of Vice Chairman is also set up to assist the Chairman in performing the latter's duties and responsibilities. Mr. Wong Ling Sun, Vincent was appointed as the Vice Chairman on 23 June 2014. The current CEO is Mr. Chan Man Chun, who is also an Executive Director.

The posts of Chairman, Vice Chairman and CEO are distinct and separate. The division of responsibilities between the Chairman, Vice Chairman and the CEO is clearly established and set out in the Board Manual and summarised as follows:

The responsibilities of the Chairman include:

- chairing and leading the Board to ensure that it operates effectively;
- ensuring that adequate information about the Group's business, which must be accurate, clear, complete and reliable, is provided to the Board on a timely basis;
- ensuring that all Directors are properly briefed on issues arising at Board meetings;
- ensuring good corporate governance practices;
- monitoring the performance of the CEO and other Executive Directors;
- holding meetings with the Independent Non-Executive Directors without the presence of the Executive Directors; and
- ensuring appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.

The responsibilities of the Vice Chairman include:

- assisting the Chairman in developing the agendas for Board meetings;
- monitoring the implementation of the Group's strategies and reporting the development of the Group's corporate governance practices to the Chairman;
- taking the role as the acting Chairman when the Chairman is absent at a meeting;
- carrying out the normal duties and responsibilities of the Chairman when the Chairman is not available, until the Chairman resumes his duties or a new Chairman has been elected and appointed by the Board; and
- other duties that the Chairman delegates to the Vice Chairman.

The responsibilities of the CEO include:

- being ultimately responsible for the Group's operations and management;
- supporting the Board by providing industrial and business expertise to the Board;
- proposing to the Board the direction, objectives, strategies and policies of the Group for its consideration and approval;
- selecting and leading the top management team towards the achievement of the Group's long term objectives, missions, strategies and goals approved by the Board; and
- procuring the management to provide the Board with financial and operational monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

Corporate Governance Report

Delegation by the Board

Executive Committee

The Executive Committee is chaired by the Chairman and comprises the other four Executive Directors including the Vice Chairman and CEO. It meets monthly and is responsible to the Board for overseeing and setting the strategic direction of the Group.

The major responsibilities of the Executive Committee are:

- establishing strategic directions of the Group and submitting them to the Board for their approval;
- monitoring the execution of the Company's strategic plans as determined by the Board;
- monitoring the day to day operations and performance of the senior management;
- setting up a sound internal control system to manage the risks of the Group;
- assessing any business opportunities on diversification, expansion or acquisition; and
- approving any changes to the scope of authority delegated to the senior management.

The terms of reference of the Executive Committee are available on the website of the Company.

Remuneration Committee

The Remuneration Committee is chaired by an Independent Non-Executive Director, Dr. Lee Peng Fei, Allen, and comprises the other two Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.

The major responsibilities of the Remuneration Committee are:

- making recommendations to the Board on the remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management;
- making recommendations to the Board on the remuneration of Independent Non-Executive Directors;
- considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- reviewing and approving compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms and is otherwise fair and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate;
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- making recommendation to the Board on appropriate means to administer remuneration programs of Directors and senior management; and
- reviewing any transaction between the Group and the Directors, or any interest associated with the Directors, and to ensure the structure and the terms of the transactions comply with the law and are appropriately disclosed.

The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Corporate Governance Report

The Remuneration Committee is provided with sufficient resources to perform its duties and it can access independent professional advice at the expense of the Company if necessary. It is the practice of the Remuneration Committee to consult the Chairman and/or the CEO about their remuneration proposals for other Executive Directors. To avoid conflict of interests, no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 March 2014, the Remuneration Committee held one meeting to perform the following work:

- reviewed the Company's policy and structure for the remuneration of Independent Non-Executive Directors;
- approved the remuneration package of a re-appointed Independent Non-Executive Director, Mr. Kwong Ki Chi;
- reviewed the remuneration packages of all other Executive Directors and the senior management;
- made recommendations on the remuneration of Independent Non-Executive Directors; and
- reviewed all transactions between the Group and the Directors.

The attendance of the meeting was as follows: Dr. Lee Peng Fei, Allen (1/1), Dr. Chan Yuen Tak Fai, Dorothy (1/1) and Mr. Kwong Ki Chi (1/1).

In order to be able to attract and retain staff of suitable calibre, the Company recognises the importance of a fair and competitive remuneration policy. To ensure that the remuneration packages are appropriate and align with the Group's goals, objectives and performance, the Company has considered a number of factors such as salaries paid by comparable companies, job responsibilities, duties and scope, market conditions and practices, financial and non-financial performance, and desirability of performance-based remuneration, when formulating the remuneration policy.

The remuneration package of Executive Directors includes salary, bonus, pensions, medical and life insurance benefits and share options. The remuneration level is determined with reference to the expertise and experience possessed by each Executive Director and his/her performance. Except for the bonus payable to the CEO which is determined with reference to the Group's performance, bonuses to other Executive Directors are given on a discretionary basis and determined with reference to the corporate and individual performance. The remuneration of Independent Non-Executive Directors is determined by the Board in consideration of the experience, expertise and the responsibilities involved. Please refer to note 15 to the financial statements for the emolument details of each Director and the five highest paid employees.

At the AGM held on 30 August 2013, with the shareholders' approval, the Company terminated the share option scheme adopted on 22 March 2004 and adopted a new share option scheme on the same date to provide the Company with a platform to offer rewards and incentives to eligible participants for their contribution to the Group and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Please refer to pages 37 to 39 for the details of the share option schemes and the number of outstanding share options held by the Directors.

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. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.

The Audit Committee is chaired by Mr. Kwong Ki Chi. The Audit Committee reviews the completeness, accuracy and fairness of the Company's reports and financial statements and provides assurance to the Board that they comply with the adopted accounting standards, the Listing Rules and legal requirements. The Audit Committee also annually reviews the adequacy and effectiveness of the internal control and risk management systems. It reviews the work done and the results of audits performed by the internal and external auditors, the relevant fees and terms, and the appropriate actions required on significant control weaknesses. It also considers the adequacy of resources, the qualifications and experience of staff in respect of the Group'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.

Corporate Governance Report

The major responsibilities of the Audit Committee are:

- being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- developing and implementing policy on engaging external auditors to supply non-audit services;
- monitoring integrity of the Group's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's financial and accounting policies and practices, financial controls, internal control and risk management systems;
- discussing the internal control system with management to ensure that management has performed its duty to have an effective internal control system;
- ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring its effectiveness; and
- establishing a whistle-blowing mechanism for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee held four meetings during the year ended 31 March 2014 to review and approve the interim and final results and financial statements, announcements and reports, review the internal control review reports, and to approve the internal audit plans, the appointment and remuneration of the internal and external auditors. The Audit Committee also held a meeting with the Internal Auditors (as defined in section "Internal Audit") to evaluate the internal control review work in the past three years and discussed the next three years' internal control review plan with the Internal Auditors. Recognising the importance of the internal audit function, the Audit Committee approved the continuation of the internal audit engagement with the existing Internal Auditors, as well as their internal control review plan for the next three years. The attendance of the four meetings was as follows:

Mr. Kwong Ki Chi (4/4), Dr. Lee Peng Fei, Allen (3/4) and Dr. Chan Yuen Tak Fai, Dorothy (4/4).

Nomination Committee

The Nomination Committee is chaired by an Independent Non-Executive Director, Dr. Chan Yuen Tak Fai, Dorothy, and comprises the other two Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen and Mr. Kwong Ki Chi.

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 positive contribution to the performance of the Board, to be additional Directors or to fill Board vacancies as and when they arise. The major responsibilities of the Nomination Committee are:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity considerations) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of Independent Non-Executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO; and
- implementing and reviewing the Board diversity policy for the Board's consideration, and monitoring the progress on achieving the objectives of the Board diversity policy to ensure effective implementation.

The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

During the year ended 31 March 2014, the Nomination Committee held one meeting to perform the following work:

- reviewed the structure, size and composition (including the skills, knowledge, experience and diversity considerations) of the Board, and independence of the Independent Non-Executive Directors;
- considered and recommended the re-appointment of Mr. Kwong Ki Chi, the Independent Non-Executive Director; and
- discussed the succession planning for the Directors and the CEO.

The Company recognises and embraces the benefits of having a diverse Board to enhance the effectiveness and quality of its performance and to maintain the high standards of corporate governance. Therefore, the Board has set up a Board diversity policy in August 2013 in order to set out the approach to achieve diversity on the Board.

The Board diversity policy is summarised as below:

- The Company believes that a truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience and other qualities of the members of the Board;
- All appointments of the members of the Board are made on merit, in the context of the talents, skills and experience the Board as a whole requires to be effective; and
- In reviewing and assessing the composition of the Board, the Nomination Committee (i) will consider the benefits of all aspects of diversity in order to maintain an appropriate range and balance of talents, skills and experience on the Board; and (ii) may discuss and recommend measurable objectives to the Board for achieving diversity on the Board when necessary.

The Nomination Committee reviewed the Board's composition from a diversity perspective in March 2014 and concluded that the Board had achieved a satisfactory level of diversity in terms of gender, age, skill, industry experience and professional qualifications of the Directors. Biographical details of the Directors as at the date of this annual report are set out on pages 28 to 29 of this annual report.

The attendance of the meeting during the year was as follows: Dr. Chan Yuen Tak Fai, Dorothy (1/1), Dr. Lee Peng Fei, Allen (1/1) and Mr. Kwong Ki Chi (1/1).

Furthermore, in order to strengthen the Chairman's role in enhancing corporate governance practices in the Board management and enable a proper succession plan in place, the Nomination Committee held a meeting subsequently on 23 June 2014 to consider and recommend the appointment of Mr. Wong Ling Sun, Vincent as the Vice Chairman to assist the Chairman in performing the latter's duties and responsibilities. The Board accepted the recommendation from the Nomination Committee and appointed Mr. Wong Ling Sun, Vincent as the Vice Chairman on the same day.

Delegation of Responsibilities to Management

The Board delegates the daily management and administration functions to the management, comprising the Executive Committee and the senior management team of the Group. The senior management team is responsible for executing the day to day business activities under the leadership and supervision of the Executive Committee, and assisting the Executive Committee to implement the approved strategic plans, goals and objectives and other responsibilities delegated by the Board to the Executive Committee.

Corporate Governance Report

Company Secretary

The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the CEO on governance matters and should also facilitate induction and professional development of Directors. The Company Secretary is also required to complete more than 15 hours of relevant professional training every year.

The Company Secretary reports to the Chairman and/or the CEO. All Directors should have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.

External Auditors

The external auditors are primarily responsible for the auditing and reporting of the annual financial statements. For the financial year ended 31 March 2014, the total remuneration paid or payable to the external auditors was HK$709,000, being HK$574,000 for audit and HK$135,000 for tax related services.

Directors' and External Auditors' Responsibilities for the Financial Statements

The Directors 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 2014, and of the Group's loss and cash flows for the year then ended. In preparing the financial statements for the year ended 31 March 2014, the members of the Board have made reasonable judgments and estimates, adopted appropriate accounting policies and, apart from those new or revised accounting policies as disclosed in the notes to the financial statements for the year ended 31 March 2014, applied the policies consistently with the previous financial year.

The external auditors' responsibilities are clearly explained in the Independent Auditors' Report contained in this annual report. Please refer to pages 43 to 44 for details.

Internal Control and Internal Audit

Internal Control

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 disposal, 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 manage rather than eliminate risks of failure in the Group's operation systems and in the achievement of the Group's business objectives.

The key elements in the internal control system of the Group are:

- clearly defined organisational structure and duties and responsibilities of each employee;
- written code of conduct providing guidelines to the employees on their personal conduct and the ethical requirements when carrying out business activities;
- stringent internal procedures on significant financial and business activities controls for minimising the operational risk;
- monthly financial and operational reporting system for measuring and monitoring the performance of the Group;
- internal policies and/or guidelines on inside information disclosure, connected transactions reporting and approval, directors' securities transactions etc.;
- a whistle-blowing mechanism for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties related to the Group;
- bi-annual compliance check on the Code carried out by the Company Secretary;

Corporate Governance Report

- bi-annual internal control review carried out by the outsourced Internal Auditors for monitoring the effectiveness of the controls; and
- annual Board performance evaluation for the Directors to review and evaluate the overall performance of the Board in the past year.

The Board has the overall responsibility in implementing a sound internal control system and reviewing its effectiveness annually. For the year ended 31 March 2014, the Board confirms that it has through the Audit Committee and the Internal Auditors conducted a review of the effectiveness of the Group's internal control system.

Internal Audit

The Group does not have an internal audit department. The internal audit function has been outsourced to professionals in accountancy (the "Internal Auditors"), as selected by the Audit Committee. The Internal Auditors are independent of the Group and conduct internal audits on areas of concern identified by the Audit Committee annually. The term of the engagement of the Internal Auditors is fixed at three years in order to have a structured and comprehensive audit plan and achieve continuity. The Internal Auditors report 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 the management. The Board has overall responsibilities to maintain a sound and effective internal control system of the Group.

The Internal Auditors provides an independent review of the adequacy and effectiveness of the internal control system. A three-year audit plan framework, which is prepared based on risk assessment methodology and covers all material financial, operational and compliance controls and risk management functions, has been approved by the Audit Committee upon the engagement of the Internal Auditors. Before commencing their fieldwork each year, the Internal Auditors submit a detailed audit plan to the Audit Committee for its discussion and approval. During the year, the internal control review covered the assessment of the effectiveness of the Group's internal control on corporate governance by reference to a framework set by the Committee of Sponsoring Organisations of the Treadway Commission (the "COSO Framework"), which consists of five inter-related components, namely (i) control (or operating) environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring. The review also covered significant business processes and activities of the Group and follow-ups of the corrective measures of the weaknesses identified in previous reviews. Furthermore, in order to maintain the effectiveness of the financial reporting and compliance process, the internal control review also considered the adequacy of resources, staff qualification and experience, training programmes and budget of the Group's accounting and financial reporting function.

Any identified control weaknesses are addressed in the internal control review report. Draft internal control review reports are sent to the Executive Directors, the CEO and the senior management concerned for the management's comments and responses. The finalised internal control review reports are submitted to the Board and the Audit Committee for their review twice per year. For the year ended 31 March 2014, the Board considers that the Group's material internal controls are adequate and effective and the Group has complied with the code provisions on internal control set out in 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. The Securities Code is also applicable to the employees of the Group who are likely to be in possession of unpublished inside information in relation to the Group. Formal written notices are sent to the Directors and relevant employees as reminder that they must not deal in the securities and derivatives of the Company during the period of 30 days and 60 days immediately preceding the date of publication of the Company's half yearly results and annual results respectively and until after such results have been published.

Corporate Governance Report

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 designated Director 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, all Directors have confirmed that they have met the required standard set out in the Securities Code and the Model Code throughout the financial year under review. Directors' interests as at 31 March 2014 in the shares in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) are set out on pages 34 to 36 of this annual report.

Investor Relations

Shareholders' Communication Policy

The Company continues to enhance relationships and communication with its investors. A shareholders' communication policy has been set up in order to enable the Company to provide its shareholders and potential shareholders with equal and timely information of the Company (including financial results, important developments, strategic goals and plans, corporate governance and risk profile etc.) at any time effectively and to avoid selective disclosure. Detailed information about the Company's performance and activities has been provided in the annual reports and the interim reports which have been sent to shareholders. The Company maintains close communication with investors, analysts, fund managers and the media by way of individual interviews and meetings. The Group also responds to requests, 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 Group and its businesses is disclosed.

Shareholders, potential investors and analysts may enquire about information of the Company, ask questions or give comments to the Board by sending email to the Company (e-mail address: ir@amspt.com). The Company will answer reasonable questions raised by the shareholders and potential investors and analysts provided that there is no violation of the Company's inside information disclosure guideline. However, in order to avoid selective disclosure and disclosing inside information, the Company will only provide information that has been published by the Company.

General Meetings

All Directors are invited to general meetings to develop a balanced understanding of the views of shareholders. For each substantially separate issue at a general meeting, a separate resolution is proposed by the chairman of that meeting.

The Chairman and the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and any other committees (as appropriate) attend the AGM and other relevant general meetings to answer questions raised by the shareholders. In their absence, the Chairman shall invite another member of the committees to attend. These persons will be available to answer questions at the AGM. The external auditors are also invited to the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The Chairman was unable to attend the AGM held on 30 August 2013 due to other important engagement. Instead, he authorised the CEO to chair the AGM. The attendance of this AGM was as follows:

Executive Directors: Mr. Wong Man Kit, Chairman (0/1), Ms. Ng Sui Chun (1/1), Mr. Wong Ling Sun, Vincent (1/1), Mr. Chan Man Chun, the CEO (1/1) and Ms. Wong Wai Sum, May (1/1); Independent Non-Executive Directors: Dr. Lee Peng Fei, Allen (1/1), Dr. Chan Yuen Tak Fai, Dorothy (1/1) and Mr. Kwong Ki Chi (1/1).

Convening General Meetings by Shareholders

Shareholders may convene an EGM and make proposals for businesses to be transacted thereat in the following manner:

(a) Any one or more shareholders holding at the date of deposit of the Requisition (as defined below) not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition (the "Requisition") sent to the principal place of business of the Company in Hong Kong at 11–12/F, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong, for the attention of the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in the Requisition.

(b) The Requisition must state clearly the name(s) of the Eligible Shareholder(s) concerned, its/his/her/their shareholding in the Company as at the date of the Requisition, the reason for convening an EGM, the agenda proposed to be included and the details of the businesses proposed to be transacted at the EGM, signed by all the Eligible Shareholder(s) concerned.

(c) The Requisition will be verified with the Company's branch share registrar in Hong Kong, and upon its confirmation that the Requisition is proper and in order, the Company Secretary will ask the Board to convene an EGM to be held within two months after the deposit of the Requisition by serving sufficient notice in accordance with the Articles and the applicable laws, rules and regulations (including without limitation the Listing Rules) to all registered shareholders. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of such outcome and accordingly, the Board will not call an EGM.

(d) If within 21 days of such deposit the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) concerned itself/himself/herself/themselves may convene such EGM in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of such failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Note: There is no express provision allowing shareholders to make proposals (other than a proposal for election of a person as a Director) at any general meeting convened by the Board (not on requisition of Shareholders) under the Articles or the laws of the Cayman Islands.

Directors and Senior Management Profile

Executive Directors

Mr. Wong Man Kit, MH, FCILT, aged 72, is one of the founders of the Group and the Chairman. Mr. Wong has over 39 years' experience in the operation of public transport business in Hong Kong and is responsible for formulating the overall business strategy and corporate development of the Group. Mr. Wong has been a fellow member of the Chartered Institute of Logistics and Transport ("CILT") in Hong Kong since 2000, and is the chairman of the Hong Kong Scheduled (GMB) Licensee Association and also a member of The Chinese General Chamber of Commerce. Mr. Wong was an elected member of the Southern District Council from 1988 to 2007. Mr. Wong is currently the honorary president of The University of Hong Kong Foundation for Educational Development and Research. Mr. Wong has been granted the awards of "Medal of Honour" by the Hong Kong Government in 2000 and "Ten Outstanding Young Person Award" by The Hong Kong Junior Chamber of Commerce in the Ten Outstanding Young Persons Selection in 1981, both in recognition of his outstanding performance and contribution. Mr. Wong is the spouse of Ms. Ng Sui Chun, the father of Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, all of them are the Executive Directors of the Company. He is also the brother of Mr. Wong Man Chiu, who is the engineering manager of the Group.

Ms. Ng Sui Chun, aged 63, is the finance director of the Company 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 39 years and is responsible for the implementation of corporate policy, particularly in the area of finance and administration of the Group. She also actively participates in charitable 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. Ms. Ng is the wife of Mr. Wong Man Kit, the mother of Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May. She is also the sister-in-law of Mr. Wong Man Chiu.

Mr. Wong Ling Sun, Vincent, aged 39, is also the Vice Chairman. Mr. Wong is the son of Mr. Wong Man Kit and Ms. Ng Sui Chun and the brother of Ms. Wong Wai Sum, May. 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 joined the Group in 2002 and is responsible for monitoring the operation and internal control of the Group. Mr. Wong is currently an elected member of the Southern District Council. He was appointed as Executive Director on 16 October 2004. Before that, he was a Non-Executive Director. Mr. Wong was appointed as Vice Chairman on 23 June 2014 and the primary responsibility of Mr. Wong as Vice Chairman is to assist the Chairman in performing the latter's duties and responsibilities, in particular in managing the Board and monitoring the implementation of the Group's strategies.

Mr. Chan Man Chun, MBA, aged 50, is the CEO and Executive Director. 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 a 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 the chairman of the Southern District Football Club, the chairman of Southern District Recreation & Sports Association and the chairman of the Joint Committee for Southern District Community Programme Against Youth Drug Abuse. He joined the Group in July 1989 and was appointed as CEO on 1 April 2005.

Ms. Wong Wai Sum, May, BBA (HRM), MA (TranspPol & Plan), MIHRM (HK), CMILT, aged 38, is the daughter of Mr. Wong Man Kit and Ms. Ng Sui Chun and the sister of Mr. Wong Ling Sun, Vincent. She joined the Group in September 2003. Ms. Wong is the human resources and deputy finance director of the Company and is responsible for the human resources and financial management of the Group. Prior to joining the Group, Ms. Wong worked for a leading international airline company. She holds a master of arts degree in transport policy and planning from The University of Hong Kong and a bachelor of business administration degree (major 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 has been a chartered member of CILT in Hong Kong and an ordinary member of the Hong Kong Institute of Human Resources Management since 2005. She was appointed as Executive Director on 30 September 2011.

Directors and Senior Management Profile

Independent Non-Executive Directors

Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP, aged 74, 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 Hong Kong 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 currently an independent non-executive director of ITE (Holdings) Limited, Playmates Holdings Limited and Wang On Group Limited, all of which are listed on the Stock Exchange. He was appointed as Independent Non-Executive Director in March 2004.

Dr. Chan Yuen Tak Fai, Dorothy, B.Soc.Sc, M.Soc.Sc, PhD, BBS, FCILT, aged 64, is currently the deputy director of School of Professional and Continuing Education of The University of Hong Kong ("HKU SPACE"). She was the vice principal of HKU SPACE Community College from 2002 to 2005. Before joining HKU SPACE, Dr. Chan was the Deputy Commissioner for Transport of the Hong Kong Government. Dr. Chan is currently the CILT international president and served as the international vice president of CILT from 2002 to 2006. Dr. Chan's current public service duties include serving as a member of both Advisory Committee on Environment and Social Welfare Advisory Committee of the Hong Kong Government, a board member of Hong Kong Research & Development Centre for Logistics and Supply Chain Management Enabling Technology Limited and also a member of the Board of Governors of the Hong Kong Institute for Public Administration. She is also an advisor to the Serco Group and its Road Tunnel and Bridge Advisory Board. Dr. Chan holds a master of social sciences degree and a doctor of philosophy degree from The University of Hong Kong. She is also currently an independent non-executive director of MTR Corporation Limited, a Main Board listed company on the Stock Exchange. She was appointed as Independent Non-Executive Director in March 2010.

Mr. Kwong Ki Chi, GBS, JP, aged 63, is currently an independent non-executive director of another listed company, Giordano International Limited, and a private asset management company, Chenavari Investment Managers (HK) Limited (formerly, mCapital investment management Limited). He had served in the Hong Kong government for 27 years and held positions principally in the economic and financial fields. Mr. Kwong was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Hong Kong government in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and chief executive and retired in April 2003. Since then, Mr. Kwong had served as managing director of Hsin Chong International Holdings Limited and Hongkong Sales (Int'l) Limited and as director of Macau Legend Development Limited. Besides, Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Hong Kong government. Mr. Kwong graduated from The University of Hong Kong with a bachelor of science degree in physics and mathematics and was awarded a master of philosophy degree in economics and politics of development by the University of Cambridge, England. He was appointed as Independent Non-Executive Director in March 2011.

Directors and Senior Management Profile

Senior Management

Mr. Wong Man Chiu, MSc, aged 51, 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 master 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 and brother-in-law of Ms. Ng Sui Chun.

Ms. Wong Ka Yan, HKICPA, LLB, aged 37, is the Company Secretary and financial controller of the Group. She joined the Group in January 2003 and is responsible for the financial control, accounting and company secretarial functions of the Group. She graduated from The Chinese University of Hong Kong with a bachelor degree in business administration (major in general finance) and also holds a bachelor degree in laws from the University of London. Ms. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Prior to joining the Group, she had worked in an international accounting firm in auditing for three years. She was appointed as Company Secretary on 26 July 2005.

Mr. Wong Yu Fung, aged 36, is the operation manager of the Group and responsible for daily route operation management and route restructuring planning etc. 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 hereby presents this annual report together with the audited financial statements of the Group to the shareholders for the year ended 31 March 2014.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of franchised PLB transportation services in Hong Kong.

Results and Dividends

The results of the Group for the year ended 31 March 2014 are set out in the consolidated income statement on page 45. The Directors recommend payment of a special dividend of HK1.0 cent per ordinary share (2013: a special dividend of HK5.0 cents per ordinary share) in respect of the year, to shareholders on the register of members on 11 September 2014. No final dividend for the year was recommended by the Board (2013: Nil).

Reserves

Movements in the reserves of the Group and of the Company during the year ended 31 March 2014 are set out in the consolidated statement of changes in equity and note 28 to the financial statements respectively.

Donations

Charitable donations made by the Group during the year ended 31 March 2014 amounted to HK$13,000 (2013: HK$49,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 16 to the financial statements.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2014 are set out in note 20 to the financial statements.

Borrowings

The borrowings of the Group are shown in note 23 to the financial statements.

Share Capital

Details of the movements in the share capital of the Company are set out in note 26 to the financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2014 amounted to HK$338,502,000 (2013: HK$351,594,000).

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 92.

Directors' Report

Directors

The Directors during the year ended 31 March 2014 and up to the date of this report are:

Executive Directors:

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

Independent Non-Executive Directors:

Dr. Lee Peng Fei, Allen
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi

In accordance with Article 86(3) and 87(1) of the Articles, the Executive Directors Mr. Wong Man Kit, Ms. Ng Sui Chun and Ms. Wong Wai Sum, May and the Independent Non-Executive Director Mr. Kwong Ki Chi, will retire and, being eligible, offer themselves for re-election at the forthcoming AGM. Mr. Kwong Ki Chi completed his last appointment on 13 March 2014 and has been re-appointed until the AGM. If he is re-elected at the AGM, his appointment shall then continue and be subject to retirement by rotation and re-election at the subsequent AGMs in accordance with the Articles. As for the other two Independent Non-Executive Directors, Dr. Lee Peng Fei, Allen and Dr. Chan Yuen Tak Fai, Dorothy, they have been appointed for a period of not more than three years starting from 31 August 2012 and 30 August 2013 respectively.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received the annual confirmation of independence from each of the three Independent Non-Executive Directors and the Company considers the Independent Non-Executive Directors to be independent.

Biographical Details of Directors and Senior Management

Brief biographical details of the Directors and senior management are set out on pages 28 to 30.

Directors' Report

Directors' Service Contracts

All of the service contracts of the Executive Directors, except for Ms. Wong Wai Sum, May, 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' prior written notice expiring not earlier than the date of expiry of the initial term. The service contract of Ms. Wong Wai Sum, May, the Executive Director, will continue until terminated by either party giving to the other not less than six months' prior written notice.

All Independent Non-Executive Directors are appointed on terms not more than three years and subject to re-election according to the Articles. None of the Directors who are proposed for re-election at the AGM 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 15 to the financial statements.

Directors' Interests in Contracts

For the year ended 31 March 2014, Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May (together with their family members, collectively 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 controlling shareholders, the Wong Family.

Save as the aforesaid, no contract of significance to which the Company, or any of its subsidiaries was a party, in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

Directors' Report

Directors' Interests in Shares

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

As at 31 March 2014, the interests and short positions of the Directors in the shares, underlying shares and debentures in/of the Company and its associated corporations (within the meaning of the Part XV of the SFO) which have been recorded in the register required to be kept under Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the shares and the underlying shares in the Company

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held in respect of the share options	Total	Approximate percentage of shareholding
Mr. Wong Man Kit (Note a)	Founder of a discretionary trust	Other	157,677,000	–	157,677,000	59.24%
	Beneficial owner	Personal	2,396,000	–	2,396,000	0.90%
	Spouse of Ms. Ng Sui Chun	Family	12,991,300	–	12,991,300	4.88%
Ms. Ng Sui Chun (Note a)	Beneficiary of a discretionary trust	Other	157,677,000	–	157,677,000	59.24%
	Beneficial owner	Personal	12,991,300	–	12,991,300	4.88%
	Spouse of Mr. Wong Man Kit	Family	2,396,000	–	2,396,000	0.90%
Mr. Wong Ling Sun, Vincent (Notes a & b)	Beneficiary of a discretionary trust	Other	157,677,000	–	157,677,000	59.24%
	Beneficial owner	Personal	4,502,500	–	4,502,500	1.70%
	Spouse of Ms. Loo Natasha Christie	Family	352,000	–	352,000	0.13%
	Father of Mr. Wong Tin Yan, Chace	Family	2,000,000	–	2,000,000	0.75%
Mr. Chan Man Chun	Beneficial owner	Personal	2,679,500	–	2,679,500	1.01%
	Spouse of Ms. Chan Lai Ling	Family	220,000	–	220,000	0.08%
Ms. Wong Wai Sum, May (Note a)	Beneficiary of a discretionary trust	Other	157,677,000	–	157,677,000	59.24%
	Beneficial owner	Personal	2,497,000	–	2,497,000	0.94%
Dr. Lee Peng Fei, Allen	Beneficial owner	Personal	330,000	300,000	630,000	0.24%
Dr. Chan Yuen Tak Fai, Dorothy	Beneficial owner	Personal	330,000	300,000	630,000	0.24%
Mr. Kwong Ki Chi	Beneficial owner	Personal	330,000	300,000	630,000	0.24%

(ii) Long positions in the shares in the associated corporations

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(1) Skyblue Group Limited				
Mr. Wong Man Kit (Note a)	Founder of a discretionary trust	Other	2	100%
Ms. Ng Sui Chun (Note a)	Beneficiary of a discretionary trust	Other	2	100%
Mr. Wong Ling Sun, Vincent (Note a)	Beneficiary of a discretionary trust	Other	2	100%
Ms. Wong Wai Sum, May (Note a)	Beneficiary of a discretionary trust	Other	2	100%
(2) Metro Success Investments Limited				
Mr. Wong Man Kit (Note a)	Founder of a discretionary trust	Other	100	100%
Ms. Ng Sui Chun (Note a)	Beneficiary of a discretionary trust	Other	100	100%
Mr. Wong Ling Sun, Vincent (Note a)	Beneficiary of a discretionary trust	Other	100	100%
Ms. Wong Wai Sum, May (Note a)	Beneficiary of a discretionary trust	Other	100	100%
(3) All Wealth Limited				
Mr. Wong Man Kit (Note c)	Founder of a discretionary trust	Other	1	100%
Ms. Ng Sui Chun (Note c)	Beneficiary of a discretionary trust	Other	1	100%
Mr. Wong Ling Sun, Vincent (Note c)	Beneficiary of a discretionary trust	Other	1	100%
Ms. Wong Wai Sum, May (Note c)	Beneficiary of a discretionary trust	Other	1	100%
(4) A.I. International Holdings Limited				
Mr. Wong Man Kit (Note c)	Founder of a discretionary trust	Other	6	100%
Ms. Ng Sui Chun (Note c)	Beneficiary of a discretionary trust	Other	6	100%
Mr. Wong Ling Sun, Vincent (Note c)	Beneficiary of a discretionary trust	Other	6	100%
Ms. Wong Wai Sum, May (Note c)	Beneficiary of a discretionary trust	Other	6	100%
(5) Maxson Transportation Limited				
Mr. Wong Man Kit (Note c)	Founder of a discretionary trust	Other	180,000	60%
	Spouse of Ms. Ng Sui Chun	Family	30,000	10%
Ms. Ng Sui Chun (Note c)	Beneficiary of a discretionary trust	Other	180,000	60%
	Beneficial owner	Personal	30,000	10%
Mr. Wong Ling Sun, Vincent (Note c)	Beneficiary of a discretionary trust	Other	180,000	60%
	Beneficial owner	Personal	45,000	15%
Ms. Wong Wai Sum, May (Note c)	Beneficiary of a discretionary trust	Other	180,000	60%
	Beneficial owner	Personal	15,000	5%

Directors' Report

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(6) Hong Kong & China Transportation Consultants Limited				
Mr. Wong Man Kit (Note c)	Founder of a discretionary trust	Other	6,000	60%
	Spouse of Ms. Ng Sui Chun	Family	1,000	10%
Ms. Ng Sui Chun (Note c)	Beneficiary of a discretionary trust	Other	6,000	60%
	Beneficial owner	Personal	1,000	10%
Mr. Wong Ling Sun, Vincent (Note c)	Beneficiary of a discretionary trust	Other	6,000	60%
	Beneficial owner	Personal	1,500	15%
Ms. Wong Wai Sum, May (Note c)	Beneficiary of a discretionary trust	Other	6,000	60%
	Beneficial owner	Personal	500	5%

Notes:

(a) As at 31 March 2014, a total of 157,677,000 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"), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited ("HSBCITL") as trustee of The JetSun Trust and the remaining one 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 Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May.

(b) As at 31 March 2014, Mr. Wong Ling Sun, Vincent held 2,000,000 ordinary shares in the Company as trustee for the benefit of his son Mr. Wong Tin Yan, Chace (a minor).

(c) All Wealth Limited ("All Wealth"), A.I. International Holdings Limited ("AIIH"), Maxson and HKCT (collectively the "Associated Corporations") are associated corporations of the Company within the meaning of Part XV of the SFO 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, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, 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 in/of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required 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.

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 ended 31 March 2014.

Directors' Report

Share Option Scheme

On 30 August 2013, the Company terminated the share option scheme adopted on 22 March 2004 (the "2004 Scheme") and adopted a new share option scheme (the "2013 scheme") on the same date to provide the Company with a platform to offer rewards and incentives to eligible participants for their contribution to the Group and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The 2004 Scheme

After the termination of the 2004 Scheme, no further options shall be offered under the 2004 Scheme but the provisions of the 2004 Scheme in all other respects shall remain in full force to the extent necessary to give effect to the exercise of any outstanding options granted thereunder prior to such termination. All outstanding options granted under the 2004 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the 2004 Scheme.

Details of the outstanding share options of the Company as at 31 March 2014 which have been granted under the 2004 Scheme are as follows:

Name of Directors	Date of grant (d/m/y)	Number of share options granted	Period during which rights are exercisable (d/m/y)	Exercise price per share option (HK$)	Outstanding as at 1 April 2013	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 as at 31 March 2014
Category 1: Directors									
Dr. Lee Peng Fei, Allen	20/10/2011	300,000	20/10/2011-19/10/2021	1.60	300,000	–	–	–	300,000
Dr. Chan Yuen Tak Fai, Dorothy	20/10/2011	300,000	20/10/2011-19/10/2021	1.60	300,000	–	–	–	300,000
Mr. Kwong Ki Chi	20/10/2011	300,000	20/10/2011-19/10/2021	1.60	300,000	–	–	–	300,000
Total Directors					900,000	–	–	–	900,000
Category 2: Continue Contract Employees	20/10/2011	4,350,000	20/10/2011-19/10/2021	1.60	4,150,000	–	–	(100,000)	4,050,000
Total all categories					5,050,000	–	–	(100,000)	4,950,000

Note: All outstanding share options were vested immediately on the date of grant.

The 2013 Scheme

The terms of the 2013 Scheme are substantially similar to the 2004 Scheme. No share option was granted under the 2013 Scheme during the year ended 31 March 2014.

The details of the 2013 Scheme are summarised as follows:

(a) Purpose of the 2013 Scheme

The purpose of the 2013 Scheme is to enable the Group to grant options to selected participants as incentives for their contribution to the Group.

(b) Participants of the 2013 Scheme

Pursuant to the 2013 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:

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

(ii) any non-executive director (including Independent Non-Executive Director) 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 2013 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 eligibility of the above classes of participants to the grant of options shall be determined by the Directors from time to time with reference to the relevant participants' contribution to the development and growth of the Group.

(c) Total number of shares available for issue under the 2013 Scheme

The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2013 Scheme and any other share option scheme of the Company) to be granted under the 2013 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 approval of the 2013 Scheme by the shareholders of the Company (the "Scheme Mandate Limit"). 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 2013 Scheme under the Scheme Mandate Limit as refreshed must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The Scheme Mandate Limit under the 2013 Scheme is up to 26,612,500 shares, representing 10% of the issued shares of the Company as at 30 August 2013, the date of approval of the 2013 Scheme.

(d) Maximum entitlement of each participant

Unless approved by the shareholders of the Company, the total number of shares issued or to be issued upon exercise of the options granted to each participant of the 2013 Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue at the material time.

(e) Time of exercise of options

An option may be exercised in accordance with the terms of the 2013 Scheme at any time during a period to be determined and notified by the Directors to each grantee of the 2013 Scheme, or in the absence of such determination, a period commencing on a day upon which the offer for grant of the option is accepted and ending on the earlier of either the date on which such option lapses under the relevant provisions of the 2013 Scheme or 10 years from the date of offer of the option, subject to the provisions on early termination set out in the 2013 Scheme.

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

The Directors 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 2013 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 2013 Scheme shall be such price as the Directors in their absolute discretion may determine, save that such price must not be less than the highest of (i) the nominal value of the share, (ii) the average of the closing prices of the share 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 share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a trading day).

(i) Remaining life of the 2013 Scheme

The 2013 Scheme will continue to be in full force and effect until 29 August 2023 (i.e. 10 years from the date on which the 2013 Scheme was adopted) unless terminated earlier by the Company by resolution passed in general meeting. After expiration or termination (as the case may be), no further options shall be offered but options granted prior thereto shall continue to be valid and exercisable in accordance with the provisions of the 2013 Scheme.

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 2014.

The percentages of purchase for the year ended 31 March 2014 from the Group's major suppliers are as follows:

Purchases

— the largest supplier: 8.1% (2013: 8.5%)
— the five largest suppliers combined: 34.8% (2013: 35.1%)

Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, all being Executive Directors, are directors and beneficial shareholders of the Group's first, third and fourth largest suppliers.

Directors' Report

Connected Transactions

Significant related party transactions entered into by the Company during the year ended 31 March 2014, constituting connected transactions under the Listing Rules which are required to be disclosed in accordance with Chapter 14A of the Listing Rules are as follows:

	2014 **HK$'000**	2013 HK$'000
Continuing connected transactions:		
PLB hire charges paid to related companies	**71,121**	71,024
Administration fee income received from related companies	**2,327**	2,327

Pursuant to a minibus leasing agreement dated 16 February 2012 and a minibus service agreement dated 22 March 2004, the PLB hire charges disclosed above, after deduction of administration fee income, payable to Maxson, HKCT, Glory Success, Hong Kong Metropolitan Bus Limited and Big Three Limited, all of them are beneficially owned and controlled by the Wong Family, constitute continuing connected transactions of the Company.

In accordance with Rule 14A.37 of the Listing Rules, the Directors, including the Independent Non-Executive Directors, have reviewed, approved 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 Company 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 2014 payable by the Company under the minibus leasing agreement dated 16 February 2012, after deduction of administration fee income received, did not exceed HK$83,119,000, the annual cap in accordance with an ordinary resolution passed in an extraordinary general meeting held on 26 March 2012.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the foregoing continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Substantial Shareholders

As at 31 March 2014, the following persons (other than the Directors) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders		Number of Shares/underlying Shares held	Percentage to the total number of issued shares in the Company
HSBCITL	(Note a)	157,677,000	59.24%
JETSUN	(Note a)	157,677,000	59.24%
Metro Success	(Note a)	157,677,000	59.24%
Skyblue	(Note a)	157,677,000	59.24%
HSBC Trustee (Cook Islands) Limited ("HTCIL")	(Note b)	14,850,000	5.58%
The Seven International Holdings (L) Limited ("SIHL")	(Note b)	14,850,000	5.58%
The Seven Capital Limited ("SCL")	(Note b)	14,850,000	5.58%

Notes:

(a) As at 31 March 2014, a total of 157,677,000 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 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 and Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, are the beneficiaries of the Jetsun Trust.

(b) As at 31 March 2014, a total of 14,850,000 shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HTCIL.

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 the CEO) having an interest or a short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2014.

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 2014. Having made specific enquiries, 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.

Sufficiency of Public Float

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

Directors' Report

Audit Committee

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 23 June 2014 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 Articles and there is 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 its existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Auditors

Due to practice reorganisation, Grant Thornton Hong Kong Limited has been formed to take over the practice of Grant Thornton (previously known as Grant Thornton Jingdu Tianhua, which was appointed by the Directors as the auditors of the Company on 20 January 2011) and subsequently it was appointed as the auditors of the Company in the AGM held on 31 August 2012.

The accompanying financial statements have been audited by Grant Thornton Hong Kong Limited. A resolution will be submitted in the AGM to re-appoint Grant Thornton Hong Kong Limited as the auditors of the Company.

By Order of the Board

Wong Man Kit
Chairman

Hong Kong, 23 June 2014

Independent Auditors' Report

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

We have audited the consolidated financial statements of AMS Public Transport Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 45 to 91, which comprise the consolidated and the Company balance sheets as at 31 March 2014, and the consolidated income statement, the consolidated statement of comprehensive income, 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 information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Independent Auditors' Report

Grant Thornton
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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 2014 and of the Group's loss 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 Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

Chiu Wing Ning
Practising Certificate no. P04920

Hong Kong, 23 June 2014

Consolidated Income Statement

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	6	**357,446**	358,733
Direct costs		**(320,512)**	(326,250)
Gross profit		**36,934**	32,483
Other revenue	7	**7,959**	7,431
Other net income	7	**404**	1,265
Deficit on revaluation of PLB licences	17	**(26,250)**	(12,347)
Administrative expenses		**(31,358)**	(30,667)
Other operating expenses		**(1,181)**	(1,894)
Provision for impairment of goodwill	19	**–**	(31,987)
Operating loss		**(13,492)**	(35,716)
Finance costs	8	**(3,227)**	(3,224)
Loss before income tax	9	**(16,719)**	(38,940)
Income tax expense	10	**(1,425)**	(623)
Loss for the year		**(18,144)**	(39,563)
Loss per share attributable to equity holders of the Company			
— Basic (In HK cents)	13(a)	**(6.82)**	(14.87)
— Diluted (In HK cents)	13(b)	**(6.82)**	(14.87)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Loss for the year		**(18,144)**	(39,563)
Other comprehensive income			
Item that will not be reclassified subsequently to income statement			
— Deficit on revaluation of PLB licences	17	**(15,750)**	(7,616)
Total comprehensive income for the year		**(33,894)**	(47,179)

Consolidated Balance Sheet

As at 31 March 2014

	Notes	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**17,565**	18,020
PLB licences	17	**310,240**	352,240
Public bus licences	18	**7,584**	3,784
Goodwill	19	**50,069**	50,069
Deferred tax assets	29	**3,596**	2,652
		389,054	426,765
Current assets			
Trade and other receivables	21	**9,370**	8,274
Tax recoverable		**202**	159
Bank balances and cash	22	**48,393**	59,284
		57,965	67,717
Current liabilities			
Borrowings	23	**9,320**	8,837
Trade and other payables	24	**20,341**	21,183
Tax payable		**553**	566
		30,214	30,586
Net current assets		**27,751**	37,131
Total assets less current liabilities		**416,805**	463,896
Non-current liabilities			
Borrowings	23	**147,416**	147,286
Deferred tax liabilities	29	**138**	159
		147,554	147,445
Net assets		**269,251**	316,451
EQUITY			
Share capital	26	**26,613**	26,613
Reserves		**242,638**	289,838
Total equity		**269,251**	316,451

Wong Man Kit
Chairman

Ng Sui Chun
Director

Balance Sheet

As at 31 March 2014

	Notes	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	20	**98,021**	98,021
Current assets			
Amounts due from subsidiaries	20	**284,562**	287,273
Other receivables		**141**	166
Tax recoverable		**8**	44
Bank balances and cash	22	**115**	281
		284,826	287,764
Current liabilities			
Amounts due to subsidiaries	20	**16,310**	6,007
Other payables		**184**	308
		16,494	6,315
Net current assets		**268,332**	281,449
Net assets		**366,353**	379,470
EQUITY			
Share capital	26	**26,613**	26,613
Reserves	28	**339,740**	352,857
Total equity		**366,353**	379,470

Wong Man Kit
Chairman

Ng Sui Chun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Equity attributable to equity holders of the Company						
	Share capital HK$'000	Share premium HK$'000	PLB licences revaluation reserve HK$'000	Share options reserve HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2013	26,613	66,970	46,497	1,263	19,296	155,812	316,451
2013 special dividends (note 12)	–	–	–	–	–	(13,306)	(13,306)
Transaction with owners	–	–	–	–	–	(13,306)	(13,306)
Loss for the year	–	–	–	–	–	(18,144)	(18,144)
Other comprehensive income:							
— Deficit on revaluation of PLB licences (note 17)	–	–	(15,750)	–	–	–	(15,750)
Total comprehensive income for the year	–	–	(15,750)	–	–	(18,144)	(33,894)
Lapse of share options (note 27)	–	–	–	(25)	–	25	–
As at 31 March 2014	**26,613**	**66,970**	**30,747**	**1,238**	**19,296**	**124,387**	**269,251**
As at 1 April 2012	26,613	66,970	54,113	1,263	19,296	224,649	392,904
2012 final and special dividends	–	–	–	–	–	(29,274)	(29,274)
Transaction with owners	–	–	–	–	–	(29,274)	(29,274)
Loss for the year	–	–	–	–	–	(39,563)	(39,563)
Other comprehensive income:							
— Deficit on revaluation of PLB licences (note 17)	–	–	(7,616)	–	–	–	(7,616)
Total comprehensive income for the year	–	–	(7,616)	–	–	(39,563)	(47,179)
As at 31 March 2013	26,613	66,970	46,497	1,263	19,296	155,812	316,451

Consolidated Cash Flow Statement

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	34	**13,989**	3,722
Income tax paid		**(2,446)**	(1,158)
Net cash from operating activities		**11,543**	2,564
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,306)**	(1,953)
Purchase of PLB licences		**–**	(46,643)
Purchase of public bus licences		**(3,800)**	(2,994)
Deposit for purchase of a public bus licence		**(1,990)**	–
Proceeds from disposal of property, plant and equipment		**7**	4,805
Interest received		**503**	889
Net cash used in investing activities		**(6,586)**	(45,896)
Cash flows from financing activities			
Proceeds from new borrowings		**9,600**	35,000
Repayment of borrowings		**(8,987)**	(7,992)
Interest paid		**(3,227)**	(3,224)
Dividends paid		**(13,306)**	(29,274)
Net cash used in financing activities		**(15,920)**	(5,490)
Net decrease in cash and cash equivalents		**(10,963)**	(48,822)
Cash and cash equivalents at the beginning of the year		**59,284**	108,067
Effect of foreign exchange rate changes, on cash held		**72**	39
Cash and cash equivalents at the end of the year, represented by bank balances and cash	22	**48,393**	59,284

Notes to the Financial Statements

For the year ended 31 March 2014

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 office 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 "Stock Exchange") 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, 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 ("PLB") transportation services in Hong Kong.

The financial statements for the year ended 31 March 2014 were approved for issue by the board of directors of the Company on 23 June 2014.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements on pages 45 to 91 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). The term HKFRSs includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 have also been complied with in the financial statements.

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 adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared on the historical cost basis except for PLB licences 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 4.

2. Summary of Significant Accounting Policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group") made up to 31 March each year.

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.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interest that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to income statement or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Financial Statements

For the year ended 31 March 2014

2. Summary of Significant Accounting Policies (Continued)

2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for using the acquisition 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.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment losses unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date. All dividends whether received out of the investee's pre or post acquisition profits are recognised in the Company's income statement.

2.4 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 the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that 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 recognised in other comprehensive income and accumulated 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.

2. Summary of Significant Accounting Policies (Continued)

2.4 Foreign currency translation (Continued)

When a foreign operation is sold, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to income statement as part of the gain or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to income statement.

2.5 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 residual values over their estimated useful lives, using the straight-line method as follows:

Land	Over the remaining lease terms
Buildings	Not more than 50 years
Leasehold improvements	5 years and the lease term, whichever is the shorter
Furniture, fixtures and equipment	5 years
PLBs and public buses	10 years
Motor vehicles	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.

2.6 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 recognised in other comprehensive income and accumulated in PLB licences revaluation reserve, 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.

2. Summary of Significant Accounting Policies (Continued)

2.6 PLB licences (Continued)

The directors consider that the PLB licences have indefinite useful lives. In addition, there is an open 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.

2.7 Public bus licences

Public bus licences acquired by the Group are regarded to have indefinite useful lives and are stated in the balance sheet at cost less accumulated impairment losses.

2.8 Goodwill

Goodwill represents the excess of (i) aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and fair value of the Group's previously held equity interest in the acquiree; over (ii) the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition.

When (ii) is greater than (i), then this excess is recognised immediately in income statement as a gain on bargain purchase.

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

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

2.9 Financial assets

The Group's financial assets include 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 balance sheet 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.

2. Summary of Significant Accounting Policies (Continued)

2.9 Financial assets (Continued)

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 evidence of impairment of individual financial assets includes 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 becoming 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.

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.

2. Summary of Significant Accounting Policies (Continued)

2.9 Financial assets (Continued)

Financial assets carried at amortised cost (Continued)

Impairment losses on financial assets other than trade receivables that are stated at amortised cost, 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.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term bank deposits.

2.11 Financial liabilities

The Group's financial liabilities include bank loans, trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs. 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.

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.

Notes to the Financial Statements

For the year ended 31 March 2014

2. Summary of Significant Accounting Policies (Continued)

2.12 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) 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 time 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.

(ii) 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.

2.13 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.

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services and the use by others of the Group's assets yielding rental income and interest. 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:

Services income is recognised upon provision of the franchised PLB and residents' bus services.

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

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

2. Summary of Significant Accounting Policies (Continued)

2.15 Government grants

Grants from the 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 grants are deferred and recognised in income statement over the period necessary to match them with the costs that the grants are intended to compensate. 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.

2.16 Impairment of non-financial assets

Property, plant and equipment, PLB licences, public bus licences, goodwill and interest in subsidiaries 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. 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 and not be larger than an operating segment.

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. 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.

2. Summary of Significant Accounting Policies (Continued)

2.17 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance since December 2000, for all of its employees who are eligible to participate in the MPF Scheme. Prior to that, the Group ran a defined contribution scheme which was registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and ceased since the commencement of the MPF Scheme.

The Group, as employers, and the employees are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income to the MPF scheme, subject to a cap of monthly relevant income of HK$30,000 (HK$20,000 prior to June 2012 and HK$25,000 prior to June 2014). Contributions made by the Group are recognised as an expense in the income statement. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

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 compensated 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, with a corresponding increase in the share options reserve in equity. 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 vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. 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.

2.18 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

2. Summary of Significant Accounting Policies (Continued)

2.19 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.

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 other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Summary of Significant Accounting Policies (Continued)

2.19 Accounting for income taxes (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.20 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.

2.21 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined based on the Group's major service lines.

The only operating segment of the Group is the franchised PLB and residents' bus services.

2. Summary of Significant Accounting Policies (Continued)

2.22 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

3. Adoption of New or Amended HKFRSs

For the year ended 31 March 2014, the Group has applied for the first time the following new and revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2013:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
Various	Annual Improvements to HKFRSs 2009–2011 Cycle

Other than as noted below, the adoption of the new HKFRSs has no material impact on the preparation and presentation of the results and financial position for the year ended 31 March 2014 and the periods prior to that.

Notes to the Financial Statements

For the year ended 31 March 2014

3. Adoption of New or Amended HKFRSs (Continued)

HKAS 1 (Amendments) — Presentation of Items of Other Comprehensive Income

HKAS 1 (Amendments) requires an entity to group items presented in other comprehensive income into those that, in accordance with other HKFRSs: (a) will not be reclassified subsequently to profit or loss; and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's presentation of other comprehensive income in the consolidated financial statements has been modified accordingly.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 replaced the guidance on consolidation in HKAS 27 Consolidated and Separate Financial Statements and HK(SIC)-Int 12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on "control", irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements which is common in special purpose entities). Under HKFRS 10, "control" is determined based on whether an investor has: (1) power over the investee; (2) exposure, or rights, to variable returns attributable to the investee involved; and (3) the ability to use its power over the investee to affect the amount of the returns. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to the determination of whether it has control over an investee. The new policy does not change any of the conclusions in respect of consolidation which had been reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 13 — Fair Value Measurement

HKFRS 13 applies when another HKFRS requires or permits fair value measurements or disclosures about fair value measurements (and other measurements based on fair value or disclosures about those measurements, such as fair value less costs to sell), except for certain exemptions. HKFRS 13 requires the disclosures of fair values through a "fair value hierarchy". The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure fair value are categorised into different levels under the fair value hierarchy, the fair value measurement would be categorised in its entirety in the level of the lowest level input that is significant to the entire measurement. To the extent that the requirements are applicable to the Group, the Group has made the relevant disclosures in note 17.

The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

The Group has not yet adopted the following new HKFRSs which have been issued and are relevant to the Group's financial statements but are not yet effective for the current accounting period:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKFRS 9	Financial Instruments[3]
Various	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Various	Annual Improvements to HKFRSs 2011–2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
3 No mandatory effective date yet determined but is available for adoption

The directors anticipate that all of the new HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date. The adoption of new HKFRSs is not expected to have a material impact on the Group's financial statements.

4. 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.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.16. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 19).

Estimated fair value of PLB licences

The PLB licences were revalued on an open market basis on 31 March 2014 by independent qualified valuers with reference to recent market-quoted price. As described in note 17, the estimation of fair value also includes assumptions such as government policies for PLB businesses remained unchanged and continuous existence of an open market for PLB licences.

5. Segment Information

The only operating segment of the Group is the franchised PLB and residents' bus services. No separate analysis of the reportable segment results by operating segment is necessary.

6. Turnover

	2014 HK$'000	2013 HK$'000
Services income	**357,446**	358,733

Notes to the Financial Statements

For the year ended 31 March 2014

7. Other Revenue and Other Net Income

	2014 HK$'000	2013 HK$'000
Other revenue		
Advertising income	**4,799**	3,754
Administration fee income	**2,512**	2,518
Interest income	**503**	889
Repair and maintenance service income	**87**	211
Management fee income	**58**	59
	7,959	7,431
Other net income		
Net (loss)/gain on disposal of property, plant and equipment	**(80)**	1,162
Net exchange gain	**72**	39
Sundry income	**412**	64
	404	1,265
	8,363	8,696

8. Finance Costs

	2014 HK$'000	2013 HK$'000
Interest on bank loans:		
— wholly repayable within five years	**–**	8
— not wholly repayable within five years	**3,227**	3,216
	3,227	3,224

9. Loss before Income Tax

	2014 HK$'000	2013 HK$'000
Loss before income tax is arrived at after charging/(crediting):		
Fuel cost in direct costs	**72,886**	77,359
Employee benefit expense (including directors' emoluments) (note 14)	**152,609**	150,730
Operating lease rental in respect of		
— land and buildings	**19**	17
— PLBs	**80,834**	83,171
Depreciation of property, plant and equipment	**1,724**	1,843
Provision for impairment of trade receivables	**–**	1
Deficit on revaluation of PLB licences	**26,250**	12,347
Provision for impairment of goodwill	**–**	31,987
Auditors' remuneration	**574**	552
Net loss/(gain) on disposal of property, plant and equipment	**80**	(1,162)
Net exchange gain	**(72)**	(39)

10. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

	2014 HK$'000	2013 HK$'000
Current tax		
— Hong Kong profits tax		
Current year	**2,498**	2,448
Overprovision in prior years	**(108)**	(128)
	2,390	2,320
Deferred tax		
Current year	**(965)**	(1,697)
Total income tax expense	**1,425**	623

Reconciliation between income tax expense and accounting loss at applicable tax rate:

	2014 HK$'000	2013 HK$'000
Loss before income tax	**(16,719)**	(38,940)
Tax at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**(2,759)**	(6,425)
Tax effect of non-deductible expenses	**4,389**	7,475
Tax effect of non-taxable revenue	**(95)**	(342)
Tax effect of tax losses not recognised	**1**	1
Overprovision in prior years	**(108)**	(128)
Others	**(3)**	42
Income tax expense	**1,425**	623

11. Loss Attributable to Equity Holders of the Company

The consolidated loss attributable to equity holders of the Company includes a profit of HK$189,000 (2013: HK$15,616,000) which has been dealt with in the financial statements of the Company.

12. Dividends

Dividends attributable to the year

	2014 HK$'000	2013 HK$'000
Proposed special dividend of HK1.0 cent (2013: HK5.0 cents) per ordinary share	**2,661**	13,306

The special dividends proposed after the balance sheet date have not been recognised as a liability at the balance sheet date. No final dividends for the year were recommended by the board of directors (2013: Nil).

13. Loss per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss of HK$18,144,000 attributable to equity holders of the Company (2013: HK$39,563,000) and on the weighted average number of 266,125,000 (2013: 266,125,000) ordinary shares in issue during the year.

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2014, as the share options have no dilutive effect on ordinary shares for the year 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.

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2013, as the potential shares on exercise of share options are not included in the calculation of diluted loss per share for the year because they are anti-dilutive.

14. Employee Benefit Expenses (Including Directors' Emoluments)

	2014 HK$'000	2013 HK$'000
Salaries and allowances	**146,589**	144,586
Contributions to defined contribution plans	**6,020**	6,144
	152,609	150,730

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15. 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	Total HK$'000
For the year ended 31 March 2014					
Mr. Wong Man Kit	**624**	**489**	**–**	**–**	**1,113**
Ms. Ng Sui Chun	**492**	**41**	**–**	**15**	**548**
Mr. Chan Man Chun	**240**	**1,343**	**2,500**	**27**	**4,110**
Mr. Wong Ling Sun, Vincent	**480**	**40**	**–**	**15**	**535**
Ms. Wong Wai Sum, May	**624**	**52**	**–**	**15**	**691**
Dr. Chan Yuen Tak Fai, Dorothy	**336**	**–**	**–**	**–**	**336**
Dr. Lee Peng Fei, Allen	**336**	**–**	**–**	**–**	**336**
Mr. Kwong Ki Chi	**336**	**–**	**–**	**–**	**336**
Total	**3,468**	**1,965**	**2,500**	**72**	**8,005**
For the year ended 31 March 2013					
Mr. Wong Man Kit	–	1,082	–	–	1,082
Ms. Ng Sui Chun	–	533	–	15	548
Mr. Chan Man Chun	240	1,341	2,500	27	4,108
Mr. Wong Ling Sun, Vincent	–	520	–	15	535
Ms. Wong Wai Sum, May	–	512	–	14	526
Dr. Chan Yuen Tak Fai, Dorothy	336	–	–	–	336
Dr. Lee Peng Fei, Allen	336	–	–	–	336
Mr. Kwong Ki Chi	336	–	–	–	336
Total	1,248	3,988	2,500	71	7,807

Notes:

(i) None of the directors has waived the right to receive their emoluments for the years ended 31 March 2014 and 2013.

(ii) No emolument was paid by the Group to any directors as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2014 and 2013.

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For the year ended 31 March 2014

15. 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 (2013: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2013: three) individuals (two (2013: two) of them are the members of the senior management) during the year are as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries, allowances and benefits in kind	**2,291**	2,104
Bonuses	**366**	366
Contributions to defined contribution plans	**72**	71
	2,729	2,541

The emoluments of these three (2013: three) individuals fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
Nil–HK$1,000,000	**2**	3
HK$1,000,001–HK$1,500,000	**1**	–
	3	3

(c) Emoluments of senior management

Other than the emoluments of the five highest paid individuals, which include two (2013: two) members of the senior management, disclosed in note 15(b), the emoluments of the remaining member of the senior management for the year fell within the following band:

	Number of individuals	
	2014	2013
Emolument bands		
Nil–HK$1,000,000	**1**	1

16. Property, Plant and Equipment

Group

	Land and 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						
As at 1 April 2013	**18,547**	**5,993**	**8,759**	**11,671**	**5,696**	**50,666**
Additions	**–**	**–**	**135**	**1,221**	**–**	**1,356**
Disposals	**–**	**–**	**(1,459)**	**(96)**	**(1,630)**	**(3,185)**
As at 31 March 2014	**18,547**	**5,993**	**7,435**	**12,796**	**4,066**	**48,837**
Accumulated depreciation						
As at 1 April 2013	**6,074**	**5,826**	**7,733**	**9,476**	**3,537**	**32,646**
Charge for the year	**490**	**59**	**419**	**484**	**272**	**1,724**
Disposals	**–**	**–**	**(1,456)**	**(12)**	**(1,630)**	**(3,098)**
As at 31 March 2014	**6,564**	**5,885**	**6,696**	**9,948**	**2,179**	**31,272**
Net book value						
As at 31 March 2014	**11,983**	**108**	**739**	**2,848**	**1,887**	**17,565**
Cost						
As at 1 April 2012	22,247	5,891	9,583	10,092	6,108	53,921
Additions	–	110	214	1,579	–	1,903
Disposals	(3,700)	(8)	(1,038)	–	(412)	(5,158)
As at 31 March 2013	18,547	5,993	8,759	11,671	5,696	50,666
Accumulated depreciation						
As at 1 April 2012	5,626	5,757	8,116	9,141	3,678	32,318
Charge for the year	505	77	655	335	271	1,843
Disposals	(57)	(8)	(1,038)	–	(412)	(1,515)
As at 31 March 2013	6,074	5,826	7,733	9,476	3,537	32,646
Net book value						
As at 31 March 2013	12,473	167	1,026	2,195	2,159	18,020

The net book value of property, plant and equipment pledged as security for the Group's banking facilities (note 25) are as follows:

	Land and buildings HK$'000	PLBs HK$'000	Total HK$'000
At 31 March 2014	**3,897**	**471**	**4,368**
At 31 March 2013	4,074	675	4,749

All of the Group's interests in land and buildings as at 31 March 2014 and 2013 were located in Hong Kong and were held on leases between 10 to 50 years.

17. PLB Licences

	Group 2014 HK$'000	Group 2013 HK$'000
At the beginning of the year	**352,240**	325,360
Additions	**–**	46,843
Deficit on revaluation charged to income statement	**(26,250)**	(12,347)
Deficit on revaluation dealt with in revaluation reserve	**(15,750)**	(7,616)
At the end of the year	**310,240**	352,240

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 at the balance sheet date would have been HK$279,493,000 (2013: HK$305,743,000) had they been stated at cost less accumulated impairment losses.

At 31 March 2014, certain PLB licences with an aggregate carrying amount of HK$249,300,000 (2013: HK$270,470,000) were pledged as security for the Group's banking facilities (note 25).

(i) Fair value hierarchy

The following table presents the fair value of the Group's PLB licences measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured by using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured by using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured by using significant unobservable inputs

	2014 Level 1 HK$'000	2014 Level 2 HK$'000	2014 Level 3 HK$'000	2014 Total HK$'000
Recurring fair value measurement:				
PLB licences	**–**	**310,240**	**–**	**310,240**

During the year ended 31 March 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

17. PLB Licences (Continued)

(i) Fair value hierarchy (Continued)

At the balance sheet date, the PLB licences were revalued by Vigers Appraisal & Consulting Limited ("Vigers"), the independent qualified valuer.

The fair value of PLB licences is determined under the market approach with reference to the recent market-quoted prices. The key assumptions under such approach include the continuous existence of an open market for PLB licences and the status-quo of the trends, market conditions and government policies for PLB businesses. Vigers made these assumptions based on past performance and expectations on the market development.

18. Public Bus Licences

	Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of the year	**3,784**	–
Additions	**3,800**	3,784
At the end of the year	**7,584**	3,784

Public bus 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 and are stated in the balance sheet at cost less accumulated impairment losses.

19. Goodwill

	Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of the year		
Gross carrying amount	**82,056**	82,056
Accumulated impairment	**(31,987)**	–
Net carrying amount	**50,069**	82,056
Net carrying amount at the beginning of the year	**50,069**	82,056
Provision for impairment of goodwill	**–**	(31,987)
Net carrying amount at the end of the year	**50,069**	50,069
At the end of the year		
Gross carrying amount	**82,056**	82,056
Accumulated impairment	**(31,987)**	(31,987)
Net carrying amount	**50,069**	50,069

As at 31 March 2014 and 2013, the carrying amounts of goodwill, net of any impairment loss, were allocated to the cash generating unit ("CGU") of franchised PLB services.

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19. Goodwill (Continued)

The recoverable amount of the CGU of franchised PLB services is determined based on value-in-use calculations. The calculations use cash flow projections based on the financial budget covering a five-year period. Management determines the key assumptions including revenues, direct costs, staff costs and other operating costs based on past performance, future business plans and expectation on market development and government policies for PLB businesses remain unchanged. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The discount rates used are pre-tax and reflect specific risks relating to the CGU.

The impairment loss recognised for the year ended 31 March 2013 solely related to goodwill arising from acquisition of Hong Kong Maxicab Limited ("HKM"). After the acquisition of HKM, the Group discussed with the Transport Department on several routes restructuring and rationalisation plans to improve the profitability of HKM and to achieve the synergies effect. Finally, route rationalisation plans with some modifications were approved by the Transport Department in February 2013. Although the modified route rationalisation plans had improved the operating efficiency to a certain extent, the chance of generating profit by HKM in the near future remained slim owing to the high operating costs. To assist the directors on the impairment review on goodwill arising from acquisition of HKM, the Group engaged an independent professional valuer to carry out a valuation of routes operated by HKM as at 31 March 2013 and eventually recognised an impairment loss of HK$31,987,000, being the entire of goodwill on acquisition of HKM, for the year ended 31 March 2013.

Key assumptions used for value-in-use calculations of other routes:

	2014	2013
Growth rate	**1.0%**	1.0%
Discount rate	**5.5%**	5.5%

Based on the impairment test of goodwill, in the opinion of the directors, no impairment against the Group's goodwill as at 31 March 2014 was considered as necessary (2013: provision for impairment of goodwill of HK$31,987,000).

The estimate of the recoverable amount of the CGU is exposed to future fuel prices, staff costs and PLB rental expenses. Any significant adverse change in these estimated expenses would cause the carrying amount of the CGU to exceed its recoverable amount.

20. Interest in Subsidiaries

	Company	
	2014	2013
	HK$'000	HK$'000
Non-current		
Unlisted shares, at cost	**98,021**	98,021
Current		
Amounts due from subsidiaries	**284,562**	287,273
Amounts due to subsidiaries	**(16,310)**	(6,007)

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. The carrying amounts of the amounts due approximate their fair values.

20. Interest in Subsidiaries (Continued)

The Company assesses the recoverability of the carrying value of the interest in subsidiaries and the amounts due from subsidiaries at the reporting dates. The directors are of the opinion that the recoverable amounts of the interest in subsidiaries and amounts due from subsidiaries were higher than its carrying amount as at 31 March 2014 and 2013.

Particulars of the principal subsidiaries at 31 March 2014 are as follows:

Name of the company	Place of incorporation	Particulars of issued and fully paid ordinary share capital	Percentage of equity, effective interest and voting power held by the Company	Principal activities and place of operation
Interest directly held:				
Gurnard Holdings Limited	The British Virgin Islands	US$10,000	100%	Investment holding in Hong Kong
Interest indirectly held:				
Aberdeen Maxicab Service Company Limited	Hong Kong	HK$100	100%	Provision of franchised PLB transportation services in Hong Kong
Capital Star Holdings Limited	Hong Kong	HK$10,000	100%	Provision of franchised PLB transportation services in Hong Kong
Central Maxicab Limited	Hong Kong	HK$1,600	100%	Provision of franchised PLB transportation services in Hong Kong
Fastlink Transportation Limited	Hong Kong	HK$5	100%	Provision of franchised PLB transportation services in Hong Kong
Hong Kong Maxicab Limited	Hong Kong	HK$11,000	100%	Provision of franchised PLB transportation services in Hong Kong
Kit Kee Transport Company Limited	Hong Kong	HK$100	100%	Provision of franchised PLB transportation services in Hong Kong
Sunning Transportation Limited	Hong Kong	HK$10,000	100%	Provision of franchised PLB transportation services in Hong Kong

20. Interest in Subsidiaries (Continued)

Name of the company	Place of incorporation	Particulars of issued and fully paid ordinary share capital	Percentage of equity, effective interest and voting power held by the Company	Principal activities and place of operation
Interest indirectly held: (Continued)				
Superlong Limited	Hong Kong	HK$10,000	100%	Provision of franchised PLB transportation services in Hong Kong
Southern District Motor Service Centre Limited	Hong Kong	HK$300,000	100%	Provision of repair and maintenance services for PLBs in Hong Kong
Tai Po (Fixed Route) Public Light Bus Co. Limited	Hong Kong	HK$32,000	100%	Provision of franchised PLB transportation services in Hong Kong
Eastern International Transport Engineering Limited	Hong Kong	HK$5	100%	Hiring of PLBs in Hong Kong
Global Win Transportation Limited	Hong Kong	HK$2	100%	Hiring of PLBs in Hong Kong

21. Trade and Other Receivables

	Group 2014 HK$'000	2013 HK$'000
Trade receivables — gross	**1,327**	3,152
Less: provision for impairment	**–**	–
Trade receivables — net	**1,327**	3,152
Deposits, prepayments and other receivables	**8,043**	5,122
	9,370	8,274

The directors consider 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.

21. Trade and Other Receivables (Continued)

Majority of the Group's turnover is attributable to franchised PLB services income which is received in cash or collected via Octopus cards by Octopus Cards Limited and remitted to the Group on the next business day after the day in which services are rendered. The Group normally grants a credit term ranging from 0 to 30 days to other trade debtors.

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

	2014 HK$'000	2013 HK$'000
0 to 30 days	**1,264**	3,089
31 to 60 days	**59**	47
61 to 90 days	**–**	–
Over 90 days	**4**	16
	1,327	3,152

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

	2014 HK$'000	2013 HK$'000
At the beginning of the year	**–**	–
Addition	**–**	1
Written-off	**–**	(1)
At the end of the year	**–**	–

At each balance sheet date, the Group reviewed trade receivables for evidence of impairment on both individual and collective basis. Based on this assessment, no impairment has been recognised during the year ended 31 March 2014 (2013: impairment loss of HK$1,000). As at 31 March 2013, the impaired trade receivables were 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.

21. Trade and Other Receivables (Continued)

The aging analysis of trade receivables (net of provision for impairment) that were past due at the balance sheet date but not impaired based on due dates, is as follows:

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**967**	2,994
0 to 30 days past due	**297**	95
31 to 60 days past due	**59**	47
61 to 90 days past due	**–**	–
Over 90 days past due	**4**	16
	360	158
	1,327	3,152

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

Trade receivables that were past due but not impaired related to 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.

22. Bank Balances and Cash

	Group		**Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash at bank and in hand	**15,280**	11,343	**115**	281
Short-term bank deposits	**33,113**	47,941	**–**	–
	48,393	59,284	**115**	281

The effective interest rates on short-term bank deposits were in the range of 1.20% to 2.80% (2013: 0.62% to 2.00%). These deposits have an average maturity of 15 days to 49 days (2013: 7 days to 73 days).

The directors consider 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.

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23. Borrowings

	Group 2014 HK$'000	2013 HK$'000
Bank loans, secured		
Current	**9,320**	8,837
Non-current	**147,416**	147,286
Total borrowings	**156,736**	156,123

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

As at 31 March 2014, the Group's bank loans were repayable as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**9,320**	8,837
In the second year	**9,512**	9,021
In the third to fifth years	**29,758**	28,209
After the fifth year	**108,146**	110,056
	156,736	156,123
Less: Amounts shown under current liabilities	**(9,320)**	(8,837)
Amounts shown under non-current liabilities	**147,416**	147,286

The interest rates are principally on a floating rate basis and range from 1.46% to 2.40% (2013: 1.47% to 2.40%).

The bank loans are secured by certain assets of the Group (note 25).

24. Trade and Other Payables

	Group 2014 HK$'000	2013 HK$'000
Trade payables	**6,110**	6,845
Other payables and accruals	**14,231**	14,338
	20,341	21,183

24. Trade and Other Payables (Continued)

The Group is granted by its suppliers credit periods ranging from 0 to 30 days. Based on the invoice dates, the ageing analysis of trade payables is as follows:

	2014 **HK$'000**	2013 HK$'000
0 to 30 days	**6,110**	6,845

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.

25. Banking Facilities

As at 31 March 2014, the Group had banking facilities totalling HK$166,036,000 (2013: HK$165,423,000) of which approximately HK$156,736,000 (2013: HK$156,123,000) were utilised. These facilities were secured by:

(i) pledges of certain property, plant and equipment of the Group with net book value of HK$4,368,000 (2013: HK$4,749,000) (note 16);

(ii) pledges of certain PLB licences with carrying amount of HK$249,300,000 (2013: HK$270,470,000) (note 17); and

(iii) guarantees provided by the Company of HK$203,200,000 (2013: HK$190,831,000) (note 32).

26. Share Capital

	2014 **Number of shares**	**2014** **HK$'000**	2013 Number of shares	2013 HK$'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	**266,125,000**	**26,613**	266,125,000	26,613

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27. Share-Based Compensation

On 30 August 2013, the Company terminated the share option scheme adopted on 22 March 2004 (the "2004 Scheme") and adopted a new share option scheme (the "2013 Scheme") on the same date. Pursuant to the 2013 Scheme 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 26,612,500, representing 10% of the issued shares of the Company as at 30 August 2013, the date of approval of the 2013 Scheme. 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.

No share options were granted under the 2013 Scheme since its adoption and up to 31 March 2014.

Share options outstanding under the 2004 Scheme and the weighted average price are as follows for the reporting years presented:

	2014		2013	
	Number of options	**Weighted average exercise price HK$**	Number of options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**5,050,000**	**1.60**	5,050,000	1.60
Lapsed (note i)	**(100,000)**	**1.60**	–	–
Outstanding at the end of the year (note ii)	**4,950,000**	**1.60**	5,050,000	1.60
Exercisable at the end of the year	**4,950,000**	**1.60**	5,050,000	1.60

Notes:

(i) During the year, 100,000 share options were lapsed and no share options were granted, exercised, or cancelled (2013: Nil).

(ii) The weighted average remaining contractual life of the outstanding share options at the balance sheet date is 7.6 years (2013: 8.6 years).

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28. Reserves

Company

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2013	**66,970**	**96,678**	**1,263**	**187,946**	**352,857**
Profit for the year (note 11)	**–**	**–**	**–**	**189**	**189**
2013 special dividends (note 12)	**–**	**–**	**–**	**(13,306)**	**(13,306)**
Lapse of share options (note 27)	**–**	**–**	**(25)**	**25**	**–**
As at 31 March 2014	**66,970**	**96,678**	**1,238**	**174,854**	**339,740**
As at 1 April 2012	66,970	96,678	1,263	201,604	366,515
Profit for the year (note 11)	–	–	–	15,616	15,616
2012 final and special dividends	–	–	–	(29,274)	(29,274)
As at 31 March 2013	66,970	96,678	1,263	187,946	352,857

As at 31 March 2014, distributable reserves of the Company amounted to HK$338,502,000 (2013: HK$351,594,000).

29. Deferred Tax

The movement during the year in the deferred tax liabilities/(assets) is as follows:

	Group	
	2014 HK$'000	2013 HK$'000
At the beginning of the year	**(2,493)**	(796)
Credited to income statement	**(965)**	(1,697)
At the end of the year	**(3,458)**	(2,493)

29. Deferred Tax (Continued)

The movement in deferred tax liabilities/(assets) prior to offsetting of balances within the same taxation jurisdiction during the year is as follows:

	Group		
	Accelerated depreciation allowance HK$'000	**Tax losses HK$'000**	**Total HK$'000**
As at 1 April 2013	**510**	**(3,003)**	**(2,493)**
Charged/(Credited) to income statement	**116**	**(1,081)**	**(965)**
As at 31 March 2014	**626**	**(4,084)**	**(3,458)**
As at 1 April 2012	365	(1,161)	(796)
Charged/(Credited) to income statement	145	(1,842)	(1,697)
As at 31 March 2013	510	(3,003)	(2,493)

Represented by:

	2014 HK$'000	2013 HK$'000
Deferred tax assets	**(3,596)**	(2,652)
Deferred tax liabilities	**138**	159
	(3,458)	(2,493)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

30. Operating Lease Commitments

As lessee

The total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	PLB rental	
	2014 HK$'000	2013 HK$'000
Within one year	**6,668**	9,263
In the second to fifth years	**–**	347
	6,668	9,610

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30. Operating Lease Commitments (Continued)

As lessor

The Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Public bus rental		Advertising income	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**27**	–	**3,542**	1,626
In the second to fifth years	**–**	–	**5,220**	–
	27	–	**8,762**	1,626

31. Capital Commitments

The capital commitments of the Group are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted but not provided for:		
— Property, plant and equipment	**23**	532
— Public bus licence	**1,990**	–
	2,013	532

32. Financial Guarantee Contracts

As at 31 March 2014, the Company had executed corporate guarantees to secure general banking facilities granted to the subsidiaries which amounted to HK$203,200,000 (2013: HK$190,831,000). 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$142,519,000 (2013: HK$141,455,000) and this represents the Company's maximum exposure under the guarantee contract. No provision for the Company's obligation under the financial guarantee contract has been made as the directors consider that it is not probable that the repayment of loan would be in default.

33. 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

	2014 HK$'000	2013 HK$'000
Fees	**3,468**	1,248
Salaries, allowances and benefits in kind	**4,002**	5,758
Bonuses	**2,816**	2,816
Contribution to defined contribution plans	**117**	114
	10,403	9,936

(b) Sales and purchase of services

	2014 HK$'000	2013 HK$'000
Repair and maintenance service income received (note (i), (ii), (iii))	**27**	12
Administration fee income received (note (i), (ii))	**2,327**	2,327
Management fee income received (note (i), (ii), (iii))	**10**	12
PLB hire charges paid (note (i), (ii))	**71,121**	71,024
Compensation for loss of PLBs paid (note (i), (ii), (iii))	**73**	47
Purchase of PLB scrap (note (i), (ii), (iii))	**125**	115

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 Company, are the directors and major shareholders. Ms. Wong Wai Sum, May, a director of the Company, also has beneficial interest in these related companies.

(ii) The related party transactions disclosed above also constitute connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(iii) The related party transactions are exempted from the disclosure requirements in Chapter 14A.33(3) of the Listing Rules.

Notes to the Financial Statements

For the year ended 31 March 2014

34. Cash Generated from Operations

	2014 HK$'000	2013 HK$'000
Operating loss	**(13,492)**	(35,716)
Adjustments for:		
Depreciation of property, plant and equipment	**1,724**	1,843
Deficit on revaluation of PLB licences	**26,250**	12,347
Provision for impairment of goodwill	**–**	31,987
Provision for impairment of trade receivables	**–**	1
Interest income	**(503)**	(889)
Net exchange gain	**(72)**	(39)
Net loss/(gain) on disposal of property, plant and equipment	**80**	(1,162)
Operating profit before changes in working capital	**13,987**	8,372
Changes in working capital:		
Trade and other receivables	**844**	(109)
Trade and other payables	**(842)**	(4,541)
Cash generated from operations	**13,989**	3,722

35. Financial Risk Management and Fair Value Measurements

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

The Group's financial instruments comprise trade and other receivables, bank balances and cash, borrowings and trade and other payables. The Group has not used any derivatives and other instruments for hedging purposes. During the years ended 31 March 2014 and 2013, 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, interest rate risk and credit 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.

35.1 Categories of financial assets and liabilities

(i) Financial assets

	Group	
	2014 HK$'000	2013 HK$'000
Loans and receivables:		
Trade and other receivables	**7,356**	6,229
Bank balances and cash	**48,393**	59,284
	55,749	65,513

35. Financial Risk Management and Fair Value Measurements (Continued)

35.1 Categories of financial assets and liabilities (Continued)

(i) Financial assets (Continued)

	Company 2014 HK$'000	Company 2013 HK$'000
Loans and receivables:		
Amounts due from subsidiaries	**284,562**	287,273
Other receivables	**–**	166
Bank balances and cash	**115**	281
	284,677	287,720

(ii) Financial liabilities

	Group 2014 HK$'000	Group 2013 HK$'000
At amortised cost:		
Borrowings	**156,736**	156,123
Trade and other payables	**20,341**	21,183
	177,077	177,306

	Company 2014 HK$'000	Company 2013 HK$'000
At amortised cost:		
Amounts due to subsidiaries	**16,310**	6,007
Other payables	**184**	308
	16,494	6,315

35.2 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.

35.3 Price risk

The Group is exposed to fuel price risk. During the years ended 31 March 2014 and 2013, the Group did not have any hedging policies over its anticipated fuel consumption. The management continues to closely monitor the changes in market condition.

35. Financial Risk Management and Fair Value Measurements (Continued)

35.4 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, as well as adequate undrawn committed banking facilities to meet its liquidity requirements in the short term and longer term.

Analysed below is the Group's and Company'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 contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Group					
	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
2014						
Borrowings	**156,736**	**185,797**	**12,467**	**12,467**	**37,400**	**123,463**
Trade and other payables	**20,341**	**20,341**	**20,341**	**–**	**–**	**–**
	177,077	**206,138**	**32,808**	**12,467**	**37,400**	**123,463**
2013						
Borrowings	156,123	185,698	11,974	11,974	35,923	125,827
Trade and other payables	21,183	21,183	21,183	–	–	–
	177,306	206,881	33,157	11,974	35,923	125,827

35. Financial Risk Management and Fair Value Measurements (Continued)

35.4 Liquidity risk (Continued)

	Company					
	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
2014						
Amounts due to subsidiaries	**16,310**	**16,310**	**16,310**	**–**	**–**	**–**
Other payables	**184**	**184**	**184**	**–**	**–**	**–**
	16,494	**16,494**	**16,494**	**–**	**–**	**–**
2013						
Amounts due to subsidiaries	6,007	6,007	6,007	–	–	–
Other payables	308	308	308	–	–	–
	6,315	6,315	6,315	–	–	–

As at 31 March 2014, the Group had undrawn facilities totalling HK$9,300,000 (2013: HK$9,300,000) which were the overdraft facilities granted by the banks.

35.5 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 arises primarily from its borrowings. As at 31 March 2014 and 2013, the Group's bank borrowings were committed on floating rate basis and were denominated in Hong Kong dollars.

The change in interest rate will affect the net profit of the Group. As at 31 March 2014, it is estimated that if there was a decrease/increase of 1% (2013: 1%) in interest rate, with all other variables remaining constant, the Group's consolidated equity and profit after tax would have increased/decreased by approximately HK$1,031,000 (2013: HK$903,000). 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 was performed on the same basis for the year ended 31 March 2013.

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.

35. Financial Risk Management and Fair Value Measurements (Continued)

35.6 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 Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the balance sheet date as summarised in note 35.1(i) above.

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 Group is on cash basis or collected via Octopus cards by Octopus Cards Limited and remitted to the Group on the next business day after the day in which services are rendered, thus, the operation does not have any significant credit risk.

36. 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.

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.

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, which is the same as prior years.

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

	2014 HK$'000	2013 HK$'000
Short term borrowings	**9,320**	8,837
Long term borrowings	**147,416**	147,286
	156,736	156,123
Bank balances and cash	**(48,393)**	(59,284)
Net debts	**108,343**	96,839
Total equity	**269,251**	316,451
Net debt-to-equity ratio	**40%**	31%

Notes to the Financial Statements

For the year ended 31 March 2014

37. Event After Balance Sheet Date

Subsequent to the balance sheet date and up to 31 May 2014, based on the valuation estimated by the directors, the market price of a PLB licence further dropped to approximately HK$5,470,000 compared with its fair value of HK$5,540,000, as valued by Vigers, as at 31 March 2014. Therefore, the unaudited deficit on revaluation of PLB licences charged to consolidated income statement for the 2 months ended 31 May 2014 was approximately HK$2,450,000.

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				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONTINUING OPERATION:					
Turnover	**357,446**	358,733	334,447	305,225	302,754
Direct costs	**(320,512)**	(326,250)	(290,433)	(244,998)	(234,265)
Gross profit	**36,934**	32,483	44,014	60,227	68,489
Other revenue	**7,959**	7,431	7,529	5,612	6,128
Other net income	**404**	1,265	391	256	196
(Deficit)/Reversal of deficit on revaluation of PLB licences	**(26,250)**	(12,347)	(2,750)	80	810
Administrative expenses	**(31,358)**	(30,667)	(32,938)	(28,995)	(26,810)
Other operating expenses	**(1,181)**	(1,894)	(2,208)	(1,060)	(1,096)
Provision for impairment of goodwill	**–**	(31,987)	–	–	–
Operating (loss)/profit	**(13,492)**	(35,716)	14,038	36,120	47,717
Finance costs	**(3,227)**	(3,224)	(1,776)	(618)	(592)
(Loss)/Profit before income tax	**(16,719)**	(38,940)	12,262	35,502	47,125
Income tax expense	**(1,425)**	(623)	(2,275)	(6,014)	(7,683)
(Loss)/Profit for the year from continuing operation	**(18,144)**	(39,563)	9,987	29,488	39,442
DISCONTINUED OPERATION:					
Profit for the year from discontinued operation	**–**	–	2,903	2,854	9,985
Gain on disposal of subsidiaries	**–**	–	127,498	–	–
	–	–	130,401	2,854	9,985
(Loss)/Profit for the year	**(18,144)**	(39,563)	140,388	32,342	49,427
Attributable to:					
Equity holders of the Company	**(18,144)**	(39,563)	140,253	31,836	47,766
Non-controlling interests	**–**	–	135	506	1,661
(Loss)/Profit for the year	**(18,144)**	(39,563)	140,388	32,342	49,427

Assets, Liabilities and Non-Controlling Interests

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**447,019**	494,482	548,313	510,613	455,901
Total liabilities	**177,768**	178,031	155,409	187,195	160,898
Non-controlling interests	**–**	–	–	20,415	19,731

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