THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in AMS Public Transport Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

(1) PROPOSED RE-ELECTION OF DIRECTORS, (2) PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, (3) CONTINUING CONNECTED TRANSACTIONS – MINIBUS LEASING AGREEMENT AND (4) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM of the Company to be held at Rooms 1303–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 22 August 2023, Tuesday at 11:00 a.m. is set out on pages AGM-1 to AGM-5 of this circular.

A form of proxy for the AGM is also enclosed. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

28 July 2023

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM"	the annual general meeting of the Company for the year 2023 to be held at Rooms 1303–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 22 August 2023, Tuesday at 11:00 a.m.
"AGM Notice"	the notice convening the AGM as set out on pages AGM-1 to AGM-5 of this circular
"All Wealth"	All Wealth Limited, a company incorporated in the BVI and wholly-owned by Metro Success
"Article(s)"	the article(s) in the Articles of Association
"Articles of Association"	the articles of association of the Company
"associates"	shall have the meaning as ascribed under the Listing Rules
"Benchmark Table"	the benchmark table adopted under the New Minibus Leasing Agreement forming the basis for calculation of rentals for the PLBs payable thereunder
"Big Three"	Big Three Limited (大叁有限公司), a company incorporated in Hong Kong and owned as to (i) 40% by Mr. Vincent Wong (out of which 10% is held on trust for Mr. Chace Wong as beneficiary) and (ii) 60% by Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. Maya Wong (as to 10%, 30% (out of which 20% is held on trust for Mr. Chace Wong as beneficiary), 10% and 10% respectively)
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Chairman"	the chairman of the Board
"Companies Act"	Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

"Company"	AMS Public Transport Holdings Limited (進智公共交通控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 77)
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	the executive Director(s) of the Company
"Existing Issue Mandate"	has the meaning as defined in the section headed "GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES" of the letter from the Board in this circular
"Existing Repurchase Mandate"	has the meaning as defined in the section headed "GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES" of the letter from the Board in this circular
"Green Minibus(es)"	PLB(s) that provide scheduled services with fixed routes, fares, vehicle allocation, frequency and service hours stipulated by the Transport Department of Hong Kong
"Group"	the Company and its subsidiaries as a whole
"HG Appraisal"	HG Appraisal & Consulting Limited, registered professional surveyors and business valuers
"HKCT"	Hong Kong & China Transportation Consultants Limited (中港運輸顧問有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	an independent committee of the Board comprising the Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong
"Independent Financial Adviser"	Messis Capital Limited
"Independent Non-Executive Director(s)"	the independent non-executive Director(s) of the Company
"Independent Shareholders"	Shareholders not required to abstain from voting on the relevant resolutions pursuant to the Listing Rules
"Issue Mandate"	has the meaning as defined in the section headed "GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES" of the letter from the Board in this circular
"JETSUN"	JETSUN UT Company (PTC) Limited, a company incorporated in the BVI which is wholly-owned by the Trustee as trustee of The JetSun Trust
"Latest Practicable Date"	25 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Lessee"	Gurnard Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maxson"	Maxson Transportation Limited (萬誠運輸有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong
"Memorandum"	the memorandum of association of the Company
"Metro Success"	Metro Success Investments Limited, a company incorporated in the BVI and wholly-owned by JETSUN

"Monthly Administration Fee"	the monthly administration fee payable by the Owners to the Lessee under the New Minibus Leasing Agreement for administration services provided by the Lessee in arranging on behalf of the Owners for mainly the following services: taking out and maintaining relevant insurance policies, arranging the vehicle license renewal and handling the liaison work and other administrative procedures relevant to the payment of vehicle licence fees and insurance premium
"Mr. Chace Wong"	Mr. Wong Tin Yan, Chace, a minor, the son of Mr. Vincent Wong
"Mr. Vincent Wong"	Mr. Wong Ling Sun, Vincent, an Executive Director and the Chairman and the son of Mr. Wong and Ms. Ng
"Mr. Wong"	Mr. Wong Man Kit (deceased), a former Executive Director and the honorary chairman of the Board and the spouse of Ms. Ng
"Ms. Cecilia Wong"	Ms. Wong Wai Sze, Cecilia, the daughter of Mr. Wong and Ms. Ng
"Ms. Maya Wong"	Ms. Wong Wai Sum, Maya, an Executive Director and the daughter of Mr. Wong and Ms. Ng
"Ms. Ng"	Ms. Ng Sui Chun, an Executive Director and the spouse of Mr. Wong
"Ms. Vivian Wong"	Ms. Wong Wai Man, Vivian, the Non-Executive Director and the daughter of Mr. Wong and Ms. Ng
"New Annual Caps"	collectively the annual caps on the right-of-use assets and the annual caps on the Monthly Administration Fee as more particularly stated in the section headed "New Annual Caps" of the letter from the Board in this circular
"New Minibus Leasing Agreement"	the leasing agreement dated 29 June 2023 and entered into between the Owners and the Lessee, details of which are stated in the section headed "Details of the Continuing Connected Transactions" of the letter from the Board in this circular

"Non-Executive Director"	the non-executive Director of the Company
"Original Minibus Leasing Agreement"	the leasing agreement dated 26 June 2020 and entered into between the Owners and the Lessee in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 October 2020 to 30 September 2023
"Owner(s)"	Maxson, HKCT and Big Three, or any of them (where applicable)
"PLB(s)"	public light bus(es) being minibus(es) licensed to carry a maximum of 16 or 19 passengers in Hong Kong that are owned by the Owners and leased, together with their licences, to the Lessee under the Original Minibus Leasing Agreement or the New Minibus Leasing Agreement (as the case may be)
"Repurchase Mandate"	has the meaning as defined in the section headed "GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES" of the letter from the Board in this circular
"SCL"	The Seven Capital Limited, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of the Trustee
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	registered holder(s) of the Share(s)
"SIHL"	The Seven International Holdings (L) Limited, a wholly owned subsidiary of the Trustee
"Skyblue"	Skyblue Group Limited, a company incorporated in the BVI and is wholly owned by Metro Success, which in turn is a wholly owned subsidiary of JETSUN
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	shall have the meaning as prescribed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Takeovers Code"	The Code on Takeovers and Mergers and Share Buy-backs
"The JetSun Trust"	The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong and the grandchildren of Mr. Wong
"Trustee"	HSBC International Trustee Limited
"Wong Family"	Mr. Wong, Ms. Ng and their son, Mr. Vincent Wong, and their daughters Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong and the grandchildren of Mr. Wong; for the purpose of this circular, a reference to the Wong Family at a point of time after the death of Mr. Wong shall exclude Mr. Wong
"2004 Scheme"	has the meaning as defined in the section headed "Share Options" of Appendix V to this circular
"2013 Scheme"	has the meaning as defined in the section headed "Share Options" of Appendix V to this circular
"%"	per cent

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

Executive Directors:
Mr. Wong Ling Sun, Vincent *(Chairman)*
Ms. Ng Sui Chun
Mr. Chan Man Chun *(Chief executive officer)*
Ms. Wong Wai Sum, Maya

Non-Executive Director:
Ms. Wong Wai Man, Vivian

Independent Non-Executive Directors:
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi
Mr. James Mathew Fong

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
11th–12th Floors
Abba Commercial Building
223 Aberdeen Main Road Aberdeen
Hong Kong

28 July 2023

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED RE-ELECTION OF DIRECTORS,
(2) PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
(3) CONTINUING CONNECTED TRANSACTIONS – MINIBUS LEASING AGREEMENT
AND
(4) NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the re-election of Directors; (ii) the granting to the Directors of general mandates for the issue and the repurchase of Shares up to 20% and 10% respectively of the nominal amount of the Company's issued share capital; and (iii) the approval of the continuing connected transactions regarding the New Minibus Leasing Agreement and the New Annual Caps.

RE-ELECTION OF DIRECTORS

Pursuant to Articles 86(3) and 87(1) of the Articles of Association, Mr. Chan Man Chun and Ms. Maya Wong, being the Executive Directors, and Mr. Kwong Ki Chi, being the Independent Non-Executive Director, shall retire by rotation and, being eligible, offer themselves for re-election at the AGM. Brief biographical details of the retiring Directors are set out in Appendix I to this circular.

The Nomination Committee has recommended to the Board that the above-mentioned Directors are eligible for re-appointment. The nomination of Mr. Chan Man Chun and Ms. Maya Wong for re-appointment as Executive Directors, and Mr. Kwong Ki Chi for re-appointment as Independent Non-Executive Director at the forthcoming AGM have been considered by the Nomination Committee in accordance with the nomination procedures and policy of the Company and the objective selection criteria (including skills, knowledge and experience of the above-mentioned Directors and their good reputation in character, integrity, honesty and experience etc.) as well as taking into account the diversity aspects (including the gender, age, educational background and ethnicity, etc.), with due regard for the benefits of diversity, as set out under the board diversity policy of the Company. In addition, the Nomination Committee had evaluated the performance of each of the retiring Directors during the period from the date of last re-election to the date of this circular and found their performance satisfactory. For the nomination policy and procedures of the Group, please refer to the Corporate Governance Report contained in the annual report 2022/2023.

Mr. Kwong Ki Chi has served the Board for more than twelve years. He is not involved in the day to day management of the Group. He has confirmed his independence to the Board, and the Nomination Committee has assessed and reviewed the annual written confirmation of Mr. Kwong based on the independence guidelines as set out in Rule 3.13 of the Listing Rules. Therefore, the Nomination Committee considers him to be independent and is not aware of any evidence or circumstances showing that the length of Mr. Kwong's tenure of service has any adverse effect on his independence. In light of the valuable independent judgment and impartial advice that he has given to the Company over the past years in his capacity as an Independent Non-Executive Director, the Nomination Committee is also satisfied that Mr. Kwong has the character, integrity, independence, professionalism and calibre to continue to serve as an Independent Non-Executive Director. In addition to his capacity as an Independent Non-Executive Director, Mr. Kwong has also made significant contributions in serving the Company as the chairperson of its Audit Committee and a member of its Nomination Committee and Remuneration Committee, in which roles he has provided professional advice and valuable business judgment.

The Nomination Committee is also of a view that the re-appointment of Mr. Kwong as an Independent Non-Executive Director is beneficial to the Board with diversity of his comprehensive knowledge and experience in public administration, administrative, financial and corporate governance management that contributes to invaluable expertise to the Board and the Company has benefited greatly from his contribution and valuable insights derived from his in-depth knowledge of the Group.

The re-election of Mr. Kwong, same as the re-election of the other retiring Directors, is subject to Shareholders' approval by a separate resolution.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 26 August 2022, ordinary resolutions were passed to grant general mandates authorising the Directors (i) to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at that date (i.e. not exceeding 54,382,600 Shares) ("**Existing Issue Mandate**"); and (ii) to repurchase Shares not exceeding 10% of the issued share capital, or the relevant class of Shares, of the Company at that date (i.e. not exceeding 27,191,300 Shares) ("**Existing Repurchase Mandate**").

The Existing Issue Mandate and the Existing Repurchase Mandate will expire upon the conclusion of the AGM. The Directors consider that the Existing Issue Mandate and the Existing Repurchase Mandate increase the flexibility in the Company's affairs and are in the interests of the Shareholders, and that the same shall continue to be adopted by the Company. New general mandates to allot, issue and deal with Shares up to 20% ("**Issue Mandate**") and to repurchase Shares up to 10% ("**Repurchase Mandate**") of the issued share capital of the Company as at the date of passing of Resolutions 5(a) and 5(b) set out in the AGM Notice respectively will be proposed at the AGM. Resolution authorising the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such Shares repurchased (if any) under the Repurchase Mandate is to be proposed as Resolution 5(c) at the AGM.

The proposed new Issue Mandate and Repurchase Mandate may only continue in force during the period from the passing of the resolutions until the earlier of: (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

With reference to the proposed new Issue Mandate and Repurchase Mandate, the Directors wish to state that they have no immediate plans to issue any new or repurchase any existing Shares pursuant to the relevant mandates. Save as disclosed, the Company did not obtain any other general mandate or special mandate to issue Shares in the past 12 months.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 5(b) to be proposed at the AGM in relation to the Repurchase Mandate is set out in Appendix II to this circular.

CONTINUING CONNECTED TRANSACTIONS – MINIBUS LEASING AGREEMENT

It was announced by the Company on 29 June 2023 that the Owners and the Lessee had entered into the New Minibus Leasing Agreement on 29 June 2023.

References are made to the announcement of the Company dated 26 June 2020 and the circular of the Company dated 17 July 2020 in respect of, among others, the Original Minibus Leasing Agreement.

The Group has been deploying the PLBs leased from the Owners. As the Original Minibus Leasing Agreement will soon expire on 30 September 2023, the Owners and the Lessee entered into the New Minibus Leasing Agreement on 29 June 2023 substantially based on the terms and conditions of the Original Minibus Leasing Agreement with a view to renewing the leasing arrangements for another term of 3 years running from 1 October 2023 to 30 September 2026.

In accordance with HKFRS 16, the PLBs leased under the New Minibus Leasing Agreement will be recognised as right-of-use assets, and as a result, the transactions under the New Minibus Leasing Agreement will be recognised as the acquisition of right-of-use assets which will constitute non-exempt continuing connected transactions of the Group pursuant to the Listing Rules. Accordingly, the transactions under the New Minibus Leasing Agreement and the New Annual Caps are subject to reporting, announcement, the approval of Independent Shareholders at the AGM and annual review, and Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

Particulars of the New Minibus Leasing Agreement are set out below:

Date:	29 June 2023
Parties:	(i) Maxson
	(ii) HKCT
	(iii) Big Three (collectively as Owners)
	(iv) the Lessee
Lease:	Each of the Owners agrees to lease and the Lessee agrees to accept the PLBs for lease.
Term:	From 1 October 2023 to 30 September 2026, both days inclusive.

Rentals: Rentals shall be paid in advance on or before the 5th day of each calendar month. The rentals in respect of each PLB shall be determined by reference to its age and carrying capacity in accordance with the following benchmark table ("**Benchmark Table**"):

Class	**Age**	**Daily rental payable under the Original Minibus Leasing Agreement**
1	2 years or below (19-seater PLBs)	HK$750
2	Over 2 years but within 8 years (19-seater PLBs)	HK$680
3	Over 2 years (16-seater PLBs)	HK$480

Class *(Note 2)*	**Age**	**Daily rental payable under the New Minibus Leasing Agreement**
1	2 years or below (19-seater PLBs)	HK$790
2	Over 2 years (19-seater PLBs)*(Note 1)*	HK$690
3	All ages (16-seater PLBs)	HK$490

Notes:

1. It is estimated that the maximum age reached among the 19-seater PLBs would be approximately 11 years by the end of the term of the New Minibus Leasing Agreement.

2. The classification of the rentals in respect of the PLBs (with reference to their age) under the New Minibus Leasing Agreement has been broadened as compared to that under the Original Minibus Leasing Agreement, taking into consideration the fact that the new law for increasing the maximum passenger seating capacity of minibuses from 16 to 19 has been implemented for a considerable period since 2017, and hence the age range of the 16-seater PLBs and the 19-seater PLBs respectively owned by the Owners to be leased under the New Minibus Leasing Agreement would have increased. Further, with the introduction of 19-seater PLBs, many 16-seater PLBs have been replaced by 19-seater PLBs, and 16-seater PLBs aged under 2 years are becoming extremely uncommon in the market, making it redundant to divide 16-seater PLBs into two age classes. Accordingly, the Lessee and the Owners agreed to adjust class 2 and class 3 of the Benchmark Table under the New Minibus Leasing Agreement, in order to reflect that the 19-seater PLBs to be leased are no longer subject to a cap of 8 years of age and the 16-seater PLBs to be leased may be of all ages.

Benchmark Table: The rentals in respect of each of the 19-seater PLBs will be reduced during the lease period by reference to the age of each 19-seater PLB in accordance with the Benchmark Table. Subject to any annual review of the daily rentals payable by the Lessee under the Benchmark Table which may be required by the Independent Non-Executive Directors, the Benchmark Table will be applied throughout the term of the New Minibus Leasing Agreement and will be reviewed upon the renewal of the New Minibus Leasing Agreement.

Upon request of the Independent Non-Executive Directors for an annual review of the daily rentals payable by the Lessee under the Benchmark Table, the Lessee and the Owners shall jointly appoint an independent valuer to assess the prevailing market rentals of the PLBs. The Benchmark Table should then be adjusted in accordance with the then prevailing market rentals as so assessed by the independent valuer, whose decision shall be final and conclusive and binding on the parties to the New Minibus Leasing Agreement.

Notes:

1. HG Appraisal is qualified as registered professional surveyors and business valuers.

2. In determining whether to request an annual review of daily rentals payable by the Lessee under the Benchmark Table, the Independent Non-Executive Directors will consider factors including whether there is any material change in market conditions or Green Minibus-related laws and regulations.

Number of PLBs available for lease: 283 PLBs were initially identified as owned by the Owners as available for lease during the term of the New Minibus Leasing Agreement provided that at any time and from time to time, the parties may by written agreement vary the number of PLBs to be leased, add or remove any PLB or replace any PLB with another PLB and the Lessee may by one month's advance notice request to remove or replace any PLBs. The rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table and the Owners are obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 312 (representing the number of PLBs available for lease during the term of the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee.

Notes:

1. As at the Latest Practicable Date, there were 283 PLBs leased by the Owners to the Lessee under the Original Minibus Leasing Agreement.

2. 283 PLBs owned by the Owners have been identified for lease to the Lessee under the New Minibus Leasing Agreement, which is an indicator of the number of PLBs available for lease if there is no variation by the parties as of the commencement of the term of the New Minibus Leasing Agreement (being 1 October 2023).

3. There is no specific requirement on the number of PLBs to be leased for each of the classes in the Benchmark Table under the New Minibus Leasing Agreement.

Right of first refusal: Under the New Minibus Leasing Agreement, the Lessee has the right of first refusal if any of the Owners proposes to sell or otherwise dispose of any of the PLBs during the term of the New Minibus Leasing Agreement. If the Lessee opts not to purchase the PLBs or it has failed to give such Owner a reply notice indicating whether it would purchase the PLBs within 28 days of the receipt of such notice of intention to sell/dispose of the PLB(s) from the Owner, the Owner may sell the PLBs to the third party purchaser. Each of the Owners has undertaken that, in such case, it will only sell or dispose of the PLBs to the third party purchaser on terms and at the price no more favourable to the purchaser than the terms and the price as previously offered to the Lessee and on condition that (unless such condition is waived by the Lessee) the sale shall be subject to the existing lease, or the purchaser shall enter into a new lease with the Lessee on terms which are no less favourable to the Lessee as compared to the existing lease.

Note:

The Company shall comply with the applicable requirements under Chapter 14 and/or 14A of the Listing Rules in the event that the Lessee exercises its right of first refusal and opts to purchase the PLB(s).

Insurance and vehicle licence: The Lessee has agreed to arrange on behalf of the Owners for the following administration services including mainly taking out and maintaining relevant insurance policies, arranging the vehicle licence renewal and handling the liaison work and other administrative procedures relevant to the payment of vehicle licence fees and insurance premium. For avoidance of doubt, the vehicle licence fee and insurance premium shall be borne by the Owners (with any such payment incurred by the Lessee (if any) to be reimbursed by the Owners). In consideration of such administration services, amongst others, the Owners shall pay to the Lessee a Monthly Administration Fee of HK$700 per PLB, which is calculated based on the relevant labour and other office expenses involved at a premium rate of approximately 15% given in favour of the Lessee. The parties adhere to the same rate under the Original Minibus Leasing Agreement. Such fee shall be deducted from the rentals for the PLBs.

The Lessee shall indemnify the Owners against any loss and damage in excess of the insurance coverage arising from loss or damage to the PLBs or accidents involving the PLBs (other than accidents resulting from the act, neglect or default of the Owners or their employees, agents or contractors) during the lease period, provided that the Owners shall first make a claim under the insurance policy.

Maintenance: The Lessee shall be responsible for the cost of service and maintenance in accordance with the cost of any necessary repairs and for all fuels and lubricants for the proper running of the PLBs.

The historical amounts of the maintenance costs for the PLBs over the lease term of the Original Minibus Leasing Agreement are as below:

	For the six months ended 31 March 2021	**For the year ended 31 March 2022**	**For the year ended 31 March 2023**	**For the six months ending 30 September 2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Approximate maintenance costs for the leased PLBs	8,602	18,245	19,271	9,871 (estimated)

The expected amounts of the maintenance costs for the PLBs over the lease term of the New Minibus Leasing Agreement are as below:

	For the six months ending 31 March 2024	**For the year ending 31 March 2025**	**For the year ending 31 March 2026**	**For the six months ending 30 September 2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Estimated maintenance costs for the leased PLBs	9,871	20,137	20,540	10,475

Note: The estimated maintenance costs over the lease term of the New Minibus Leasing Agreement are subject to factors including but not limited to changes in the number of leased PLBs, the conditions of the local economy, the business environment of the Group and the inflation rate.

Change of Owners:	(1) Any third party(ies) beneficially and wholly owned by the Wong Family or any of its member(s); and/or (2) any member(s) of the Wong Family, shall be entitled, at any time with prior written notice from the relevant Owner(s) to the Lessee, to subrogate or supplement any of the Owner(s) insofar as the subject matter under the New Minibus Leasing Agreement (including but not limited to lease of the PLBs and the rights and obligations of each party thereto) is concerned. The provisions of the New Minibus Leasing Agreement shall apply, *mutatis mutandis*, to such third party(ies) and/or member(s). For the avoidance of doubt, such third party(ies) and/or member(s) shall include without limitation (1) company(ies) directly or indirectly and wholly owned by the Wong Family or any of its member(s); (2) trust(s) set up by the Wong Family or any of its member(s); and (3) Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong. In connection therewith, the Owners shall procure that such third party(ies) and/or member(s) shall irrevocably submit to be bound by and act in accordance with the terms of the New Minibus Leasing Agreement as if it were a party(ies) thereto.

The terms of the New Minibus Leasing Agreement were arrived at after arm's length negotiation between the parties. The Directors (including the Independent Non-Executive Directors) are of the view that (i) the terms of the New Minibus Leasing Agreement are fair and reasonable; (ii) the transactions thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the entering into of the New Minibus Leasing Agreement and the transactions thereunder are in the interests of the Group and the Shareholders as a whole.

Basis for determining the rentals of the PLBs

The Company has appointed HG Appraisal to appraise the average rentals prevailing in the market for the PLBs.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the responsible person of HG Appraisal for this matter is a chartered and qualified surveyor and has valuation experience for over 35 years. Apart from being a member of the Royal Institution of Chartered Surveyors, he is also a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice), a Registered Business Valuer of the Hong Kong Business Valuation Forum, and a China Registered Real Estate Appraiser. His valuation experience touches a wide variety of industry sectors, asset types and geographical markets, including but not limited to previous similar valuations in respect of PLBs for the Group, as well as the valuation of various types of properties (including residential, commercial, offices, industrial and specialized properties), business valuation, intangible assets valuation, purchase price allocation, and machineries and equipment valuation in Hong Kong, Mainland China and other countries/regions, for the purposes of initial public offerings, mergers and acquisitions, accounting, litigation, financing and mortgages, etc.

After considering the qualification and experience of the responsible person of HG Appraisal, the Directors (including the Independent Non-Executive Directors) are of the view that HG Appraisal is properly qualified and has sufficient experience in assets and business valuation, and therefore suitable to act as the independent valuer to assess the prevailing market rentals of the PLBs.

Under the New Minibus Leasing Agreement, the rentals of the 16-seater PLBs have increased as compared to the Original Minibus Leasing Agreement. The valuation report of HG Appraisal shows that the prevailing market daily rental for 16-seater PLBs is HK$498, which is slightly higher than the daily rental for the same category set under the Benchmark Table adopted for the New Minibus Leasing Agreement (being HK$490).

The valuation report of HG Appraisal shows that the prevailing market daily rental for 19-seater PLBs with the age of 2 years or less is HK$795, which is slightly higher than the daily rental for the same category set under the Benchmark Table adopted for the New Minibus Leasing Agreement (being HK$790).

The valuation report of HG Appraisal shows that the prevailing market daily rental for 19-seater PLBs with the age of over 2 years is HK$694, which is slightly higher than the daily rental for the same category set under the Benchmark Table adopted for the New Minibus Leasing Agreement (being HK$690).

To the best of the knowledge, information and belief of, and having made all reasonable enquiries by, the Board, HG Appraisal is a third party independent from and not connected with the Directors, substantial Shareholders of the Company, its subsidiaries and their respective associates. The appraisal of HG Appraisal was carried out on a market value basis and the market approach was adopted in its appraisal.

Note: "Market value" is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

With respect to the appraisal, HG Appraisal had considered three generally accepted approaches, namely, the market approach, the cost approach and the income approach:

- the market approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions;

- the cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with the current market prices for similar assets, with allowance for accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes; and

- the income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for an asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risks.

As explained by HG Appraisal in its valuation report, the market approach was adopted since the cost approach, which considers the replacement cost of an asset, has limitations in properly reflecting the market value of the rental payment for the lease of minibuses. As for the income approach, whilst it may be a means to estimate the required monthly income that could justify the market return to the value of the relevant PLB licence, it relies on estimation or guesstimate of the market return rate on the relevant PLB license to determine the required rental income, which may be subject to uncertainty, and may not be easily observable in the market. Therefore, HG Appraisal considered that the market approach would provide a reasonable basis for the subject appraisal due to the following reasons:

- there exists a market, though not necessarily a well-structured market, on the leasing of minibuses that provides observable market rentals; and

- data on the rental income from the rental of the PLBs, which were obtained from several market participants, were comparable and would provide a reasonable indication of the rentals.

Given the existence of comparable and sufficient market data, the consistency of the results and the conformity of the market participants, HG Appraisal concluded that the use of the market approach is more appropriate than the other two approaches.

In selecting market participants to be interviewed under the valuation process, HG Appraisal considered lessors and lessees who are actively participating in the minibus renting market with frequent transactions. Lessors are the owners of minibuses who lease them out to minibus operators in return for rent, while lessees are the minibus operators who need to rent minibuses for their operations. By interviewing market participants from both the supply and demand sides, more balanced and comprehensive information regarding the PLBs leasing market can be obtained for the purpose of assessing PLB market rentals.

Whilst it has been HG Appraisal's plan to interview as many respondents as possible, such plan is subject to its ability to reach and access the relevant parties and their willingness to participate. In HG Appraisal's market survey, it has interviewed 5 active participants in the PLBs rental market, including lessors and lessees. The total number of PLBs to be rented or leased by these interviewees adds up to approximately 1,800, which represents a significant portion of the total licensed minibuses in Hong Kong. For ease of reference, according to the data from the Transport Department of Hong Kong, as at 31 December 2022, a total of 4,143 PLBs were licensed, amongst which 3,272 were green minibuses. At the time of the interviews under the valuation process, the 5 active interviewees were parties to PLB rental contracts with route operators that renew every 1-2 years, or PLB rental contracts with individual drivers that renew on a monthly basis.

HG Appraisal's interviews with certain PLB route operators and PLB dealers reflect actual market transaction and provide strong evidence on the market rentals of the PLBs. In conducing the appraisal, HG Appraisal has made the following major assumptions: (i) there will be no material change in existing political, legal, technological, fiscal or economic condition, which will adversely affect the normal operation of PLBs; (ii) the market position or the competitiveness of the Company did not change significantly during the period HG Appraisal conducted the interviews; (iii) there are no uncontrollable factor in short term which could adversely impact the Company and its business; and (iv) the market trend and conditions for the PLBs operation in Hong Kong will not deviate significantly from the economic forecasts in general.

The Directors (including the Independent Non-Executive Directors) are of the view that the interviewed market participants selected by HG Appraisal are fair and representative comparables to assess the daily rentals under the Benchmark Table, taking into consideration the activeness of such interviewees in the Hong Kong minibus leasing market, the size representation of the PLBs which may be transacted by such interviewees, the up-to-date rental and market information offered by such interviewees, and the different perspectives offered by such interviewees as lessors or lessees, which enabled HG Appraisal to formulate a more informed analysis and valuation on the matter. The Directors (including the Independent Non-Executive Directors) are of the view that the rentals payable for the PLBs under the New Minibus Leasing Agreement are fair and reasonable in view of (i) the professional advice and independence of HG Appraisal and the Independent Financial Adviser; (ii) the fact that such rentals are comparable to the prevailing market rate rentals; (iii) the industry overview in respect of minibuses in Hong Kong based on statistics from the Transport Department of Hong Kong (including the total number of licensed PLBs, number of passengers transported by the PLBs and the number of PLB routes in Hong Kong, enabling the Directors to consider the market trends, statistics and demands when determining the rentals payable for leasing the PLBs); and (iv) the support of the PLBs rendered to the Group.

Basis for determining the Monthly Administration Fee

The amount of the Monthly Administration Fee (calculated based on the relevant labour and other office expenses expected to be incurred by the Lessee at a premium rate of approximately 15%) was determined taking into account (i) the fact the 15% premium rate is comparable to the 12.5% mark-up margin on costs incurred by a company for the provision of services which may be regarded by the Inland Revenue Department of Hong Kong as commercially realistic and a reasonable approximation for arm's length transactions, with reference to the latest Departmental Interpretation and Practice Notes No. 24 (Revised) published thereby, (ii) the expertise and knowledge required of the Lessee to perform the administrative services for the Owners, which are specific to the minibus industry, and (iii) that the Monthly Administration Fee amount is similar to that charged by the Group for performing similar administrative services to other independent third party PLB owners.

Based on the above factors which took into account an objectively acceptable standard for the charging of service fees, the Lessee's own expertise and knowledge and the Group's general practice, the Directors (including the Independent Non-Executive Directors) are of the view that the amount of the Monthly Administration Fee and the 15% premium rate in itself are fair and reasonable and on normal commercial terms.

Further, the Directors (including the Independent Non-Executive Directors) are of the view that the transactions under the New Minibus Leasing Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the entering into of the New Minibus Leasing Agreement and the transactions thereunder are in the interests of the Group and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE NEW MINIBUS LEASING AGREEMENT

The usage and operation of each PLB in Hong Kong would require a vehicle registration licence to be obtained individually for such PLB ("**PLB licence**"). Under the New Minibus Leasing Agreement, the lease of each PLB by the Lessee from the Owners will cover the leasing of the PLB licence in relation to such PLB.

According to the applicable accounting standards, PLB licences in relation to PLBs are revaluated with reference to their market value at each reporting date. Thus, if the Group were to own the PLBs (together with their PLB licences) instead of leasing them from third parties, the volatility of the market value of PLB licences may bring significant impact to the Group's financial performance from time to time.

In view of the above, the Directors (including the Independent Non-Executive Directors) considered that it remains beneficial for the Group to operate its business mostly with leased green minibuses as this reduces the financial resources tied up with the PLB licences and the exposure to the risk of fluctuation in the value of such licences, and therefore the leasing of minibuses is a more reasonable option that is beneficial to and in the interest of the Company and its Shareholders as a whole.

Further, the Directors consider that the use of more leased minibuses for use as Green Minibuses will continue to strengthen the Group's role as a Green Minibus routes operator (instead of as an investor in minibus licences). Furthermore, in view of the past cooperation between the Group and the Owners, the Directors believe that the New Minibus Leasing Agreement will continue to facilitate the Group in focusing its business of Green Minibus routes operation and will therefore be in the interests of the Group and the Shareholders as a whole.

HISTORICAL RENTAL AMOUNTS

The aggregate rentals paid by the Lessee to the Owners under the Original Minibus Leasing Agreement for each financial year ended 31 March 2021, 2022 and 2023 and for the three months ended 30 June 2023 (after deduction of the Monthly Administration Fee of HK$700 per PLB) are as follows:

	Rentals paid by the Lessee to the Owners *HK$'000*
Year ended 31 March 2021 *(audited)*	64,531
Year ended 31 March 2022 *(audited)*	61,989
Year ended 31 March 2023 *(audited)*	62,656
Three months ended 30 June 2023 *(unaudited)*	15,706

HISTORICAL ANNUAL CAPS

Pursuant to HKFRS 16 (which came into effect on 1 January 2019), the rental payment payable by the Lessee under the Original Minibus Leasing Agreement shall be recognised as right-of-use assets, which shall be amortised over the term of the Original Minibus Leasing Agreement. According to the requirements of the Stock Exchange, the Lessee was required to set annual caps on the total value of right-of-use assets relating to the lease entered into under the Original Minibus Leasing Agreement.

The original annual caps set on the total value of the right-of-use assets under the Original Minibus Leasing Agreement, as well as the utilisation of such annual caps under the Original Minibus Leasing Agreement are set out in the table below:

Under the Original Minibus Leasing Agreement	**For the six months ended 31 March 2021** *HK$'000*	**For the year ended 31 March 2022** *HK$'000*	**For the year ended 31 March 2023** *HK$'000*	**For the six months ending 30 September 2023** *HK$'000*
Original annual caps	209,396	23,671	14,181	4,297
Utilisation of the original annual caps	184,229	941	1,333	0 (estimated)

The Board is of the view that the low utilization rate of the original annual caps for the years ended 31 March 2022 and 31 March 2023 was attributable to the economic slump caused by the COVID-19 pandemic during such periods. As the global and local economies are expected to gradually recover, the Board takes the view that the proposed new annual caps for the years ended 31 March 2025 and 2026 on the right-of-use assets under the New Minibus Leasing Agreement are justified to cater to the anticipated gradual resumption of patronage growth in the Group's minibus business and the Group's operational need to explore and capture opportunities for development and strategic cooperation in the market.

It is expected that the total value of right-of-use assets relating to the lease entered into under the Original Minibus Leasing Agreement for the last six months ending 30 September 2023 will not exceed the annual cap being HK$4,297,000 for the same period.

Further, the Monthly Administration Fee payable by the Owners to the Lessee under the Original Minibus Leasing Agreement shall be recognised as income of the Lessee over the term of the Original Minibus Leasing Agreement. Separate annual caps on such Monthly Administration Fee under the Original Minibus Leasing Agreement were (i) HK$1,321,000 for the first six months ended 31 March 2021, (ii) HK$2,643,000 for the financial year ended 31 March 2022, (iii) HK$2,643,000 for the financial year ended 31 March 2023; and (iv) HK$1,321,000 for the last six months ending 30 September 2023.

It is expected that the total Monthly Administration Fee payable by the Owners to the Lessee under the Original Minibus Leasing Agreement for the last six months ending 30 September 2023 will not exceed the annual cap being HK$1,321,000 for the same period.

NEW ANNUAL CAPS

Similarly, pursuant to HKFRS 16, the rental payment payable by the Lessee under the New Minibus Leasing Agreement shall be recognised as right-of-use assets, which shall be amortised over the term of the New Minibus Leasing Agreement. According to the requirements of the Stock Exchange, the Lessee is required to set annual caps on the total value of right-of-use assets relating to the lease entered into under the New Minibus Leasing Agreement.

The Monthly Administration Fee shall be recognised as income of the Lessee over the term of the New Minibus Leasing Agreement and separate annual caps will be set on the Monthly Administration Fee.

Annual caps on the right-of-use assets

The table below sets out the estimated maximum rentals payable by the Lessee to the Owners under the New Minibus Leasing Agreement in different periods:-

	For the 6 months ending 31 March 2024	**For the year ending 31 March 2025**	**For the year ending 31 March 2026**	**For the 6 months ending 30 September 2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Estimated maximum rentals payable by the Lessee to the Owners	37,069	74,793	76,392	38,657

In light of HKFRS 16, the proposed annual caps on the right-of-use assets are set out in the table below:-

	For the 6 months ending 31 March 2024	**For the year ending 31 March 2025**	**For the year ending 31 March 2026**	**For the 6 months ending 30 September 2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*
Annual caps on the right-of-use assets	205,312	22,761	14,029	4,329

Notes:

1. The annual cap on the right-of-use assets for the 6 months ending 31 March 2024 was calculated based on: (i) the initial recognition of the right-of-use assets, which is equivalent to the present value of the lease payments payable over the whole three-year term of the New Minibus Leasing Agreement unpaid at the commencement date of the term, discounted using the Group's incremental borrowing rate; (ii) the additional value of the right-of-use assets in respect of newer PLBs which are expected to replace older PLBs during the period (including the replacement of 16-seater PLBs by new 19-seater PLBs); and (iii) a 10% upward buffer to provide flexibility to meet unexpected circumstances.

2. The annual caps on the right-of-use assets for the years ending 31 March 2025 and 31 March 2026 and the 6 months ending 30 September 2026 were calculated respectively based on: (i) the additional value of the right-of-use assets in respect of newer PLBs which are expected to replace older PLBs (including the replacement of 16-seater PLBs by new 19-seater PLBs) during such periods, which will be added on top of the right-of-use assets initially recognised; and (ii) a 10% upward buffer to provide flexibility to meet unexpected circumstances.

3. The annual cap on the right-of-use assets for the 6 months ending 31 March 2024 is in the greatest amount as the Company intends to commence the leasing of most of the PLB(s) available for lease under the New Minibus Leasing Agreement over the three-year term within those 6 months. The annual caps are expected to decrease over time as only the additional value of the right-of-use assets in respect of PLBs would be recognised during the periods after the initial 6 months ending 31 March 2024.

The Directors have considered the following factors in determining the proposed annual caps on the right-of-use assets:-

(i) the historical rental amounts under the Original Minibus Leasing Agreement;

(ii) daily rentals of the PLBs payable in accordance with the Benchmark Table based on the age and carrying capacity of the PLBs;

(iii) the expected fleet size of the Group during the term of the New Minibus Leasing Agreement;

(iv) replacement of older PLBs by new PLBs (including replacement of 16-seater PLBs by new 19-seater PLBs);

(v) 10% buffer to provide flexibility to meet unexpected circumstances (including addition of PLBs to be leased and any possible adjustment to the market rentals payable under the Benchmark Table as a result of an annual review of the Benchmark Table which may be required by the Independent Non-Executive Directors); and

(vi) the value of the Group's rights to use the leased PLBs during the term of the New Minibus Leasing Agreement which is initially measured on present value basis and calculated by discounting the expected lease payments, using the incremental borrowing rate as the discount rate.

Annual caps on the Monthly Administration Fee

The proposed annual caps in respect of the Monthly Administration Fee receivable under the New Minibus Leasing Agreement are as follows:-

	For the 6 months ending 31 March 2024	For the year ending 31 March 2025	For the year ending 31 March 2026	For the 6 months ending 30 September 2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Annual caps on the Monthly Administration Fee	1,307	2,615	2,615	1,307

The Directors have considered the following factors in determining the proposal annual caps in respect of the Monthly Administration Fee: (i) the expected fleet size of the Group during the term of the New Minibus Leasing Agreement, and (ii) 10% buffer to provide flexibility to meet unexpected circumstances, including addition of PLBs to be leased.

INFORMATION ON THE PARTIES AND LISTING RULES IMPLICATIONS

Information on the Group, the Lessee and its ultimate beneficial owner(s)

The Group, including the Lessee, is principally engaged in the operation of Green Minibus and residents' bus transportation services in Hong Kong.

The Lessee is a wholly-owned subsidiary of the Company.

Information on Maxson and HKCT and their ultimate beneficial owner(s)

Maxson and HKCT are principally engaged in minibus leasing business in Hong Kong.

Maxson and HKCT are both owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong (as to 10%, 15%, 5%, 5% and 5% respectively). The holding company of All Wealth, Metro Success, is wholly and indirectly owned by the Trustee acting as the trustee of The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong and the grandchildren of Mr. Wong. Since Mr. Vincent Wong, Ms. Ng, Ms. Maya Wong and Ms. Vivian Wong, who are all Directors and thus connected persons of the Company, are the discretionary objects of The JetSun Trust, the Trustee (acting in its capacity as the trustee of The JetSun Trust) and Maxson and HKCT, both being companies interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust), are also connected persons of the Company.

Information on Big Three and its ultimate beneficial owner(s)

Big Three is principally engaged in minibus leasing business in Hong Kong.

Big Three is owned as to (i) 40% by Mr. Vincent Wong (out of which 10% is held on trust for Mr. Chace Wong as beneficiary) and (ii) 60% by Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. Maya Wong (as to 10%, 30% (out of which 20% is held on trust for Mr. Chace Wong as beneficiary), 10% and 10% respectively). Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and Ms. Maya Wong are Directors and thus connected persons of the Company. According to the Listing Rules, Big Three is an associate of Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and Ms. Maya Wong and thus also a connected person of the Company.

Listing Rules Implications

In light of the aforesaid and in accordance with HKFRS 16, the PLBs leased under the New Minibus Leasing Agreement will be recognised as right-of-use assets, and as a result, the leasing of the PLBs under the New Minibus Leasing Agreement will be recognised as the acquisition of right-of-use assets, which will constitute non-exempt continuing connected transactions of the Group pursuant to the Listing Rules. The transactions under the New Minibus Leasing Agreement and the New Annual Caps in respect of the leasing of PLBs, are subject to reporting, announcement and annual review requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

In respect of the Monthly Administration Fee payable by the Owners to the Lessee, as all applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the largest annual cap for the Monthly Administration Fee are higher than 0.1% but less than 5% and such largest annual cap is less than HK$3,000,000, the transaction in respect of the Monthly Administration Fee under the New Minibus Leasing Agreement and the corresponding annual caps are fully exempted from reporting, announcement and annual review requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

Ms. Ng, Mr. Vincent Wong, Ms. Maya Wong and Ms. Vivian Wong all being Directors and each having a material interest in the New Minibus Leasing Agreement and the transactions thereunder, had abstained from voting on the Board resolution passed on 29 June 2023 for approving the same. None of the other Directors has a material interest in the New Minibus Leasing Agreement and the transactions thereunder or was required to abstain from voting on such Board resolution.

AGM

The AGM Notice is set out on pages AGM-1 to AGM-5 of this circular. Ordinary resolutions in respect of (i) the re-election of Directors, and (ii) the grant of the Issue Mandate and the Repurchase Mandate to the Directors, and (iii) the approval of the continuing connected transactions regarding the New Minibus Leasing Agreement and the New Annual Caps as referred to above will be proposed at the AGM.

A form of proxy for the AGM is also enclosed with this circular and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.amspt.com). Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the AGM will exercise his right under Article 66 of the Articles of Association to demand a poll on each of the resolutions to be proposed at the AGM.

The following Shareholders shall abstain from voting at the AGM on the proposed resolutions approving the New Minibus Leasing Agreement (and the transactions contemplated thereunder) and the New Annual Caps (unless otherwise specified, the number of Shares and relevant percentage of shareholding in the Company of each of the Shareholders have been disclosed in the section headed "Directors' and Chief Executives' Interest in Shares" in Appendix V to this circular):

(i) Skyblue, being a company interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust);

(ii) Ms. Ng (holding Shares as beneficial owner);

(iii) Mr. Vincent Wong (holding Shares as beneficial owner, and trustee for the benefit of Mr. Chase Wong and Mr. Wong Tin Yue, Noah (the sons of Mr. Vincent Wong), and Ms. Wong Tin Lam, Olivia (the daughter of Mr. Vincent Wong));

(iv) Mr. Chace Wong, Mr. Wong Tin Yue, Noah, and Ms. Wong Tin Lam, Olivia (holding Shares as beneficial owners through Mr. Vincent Wong);

(v) Ms. Loo Natasha Christie (the spouse of Mr. Vincent Wong holding Shares as beneficial owner);

(vi) Ms. Cecilia Wong (holding Shares as beneficial owner);

(vii) Ms. Maya Wong (holding Shares as beneficial owner);

(viii) Ms. Vivian Wong (holding Shares as beneficial owner, and trustee for the benefit of Miss Au Tze Yu (the daughter of Ms. Vivian Wong) and Mr. Au Chun Hay Davis (the son of Ms. Vivian Wong)); and

(ix) Ms. Au Tze Yu and Mr. Au Chun Hay Davis (holding Shares as beneficial owners through Ms. Vivian Wong),

holding in aggregate 194,034,800 Shares representing approximately 71.4% of the shareholding in the Company as at the Latest Practicable Date, as detailed in Appendix V to this circular.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the proposed ordinary resolutions for approval of the re-election of the retiring Directors, the grant of the Issue Mandate and the Repurchase Mandate to the Directors and adding the aggregate nominal amount of Shares repurchased (if any) under the Repurchase Mandate to the aggregate nominal amount of Shares that may be allotted pursuant to the Issue Mandate are each in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of all relevant resolutions to be proposed at the AGM.

As set out in its letter to the Independent Shareholders, based on the advice of the Independent Financial Adviser, the Independent Board Committee is of the view that the terms of the New Minibus Leasing Agreement and the New Annual Caps are fair and reasonable and the transactions thereunder are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend all Independent Shareholders to vote in favour of all relevant resolutions regarding the New Minibus Leasing Agreement and the transactions contemplated thereunder, and the New Annual Caps, to be proposed at the AGM. The recommendations and advice from the Independent Board Committee and the Independent Financial Adviser are set out in Appendix III and Appendix IV to this circular respectively.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board
AMS Public Transport Holdings Limited
Wong Ling Sun, Vincent
Chairman

The biographical details of the Directors proposed to be re-elected at the forthcoming AGM are set out as follows:

1. CHAN MAN CHUN, *MBA, JP*

Mr. Chan Man Chun, aged 59, is the chief executive officer of the Group and an Executive Director. Mr. Chan joined the Group in July 1989 and was appointed as chief executive officer on 1 April 2005. He is actively involved in the overall business operations and is responsible for the formulation and implementation of the corporate strategy of the Group. Mr. Chan holds a master degree in business administration (MBA) and a Bachelor degree in Transport from The Hong Kong Polytechnic University. Mr. Chan is a chairman of the Hong Kong Scheduled (GMB) Licensee Association. He is also a chairman of the District Youth Community Building Committee of the Home Affairs Department, a chairman of the Southern District Youth Programme Committee, the Southern District Football Club and the Southern District Recreation & Sports Association.

Mr. Chan does not hold any directorship in any subsidiaries of the Company. He also does not hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. He has no relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Chan was directly interested in 3,539,500 Shares and had family interest of 220,000 Shares, representing approximately 1.30% and 0.08% respectively of the total issued Share capital of the Company.

Mr. Chan entered into his first service agreement with the Company for an initial fixed term of three years from 22 March 2004 to 21 March 2007 which shall continue thereafter until terminated by either party giving to the other not less than six months' prior notice in writing terminating on or after the expiry of the initial term of three years. Mr. Chan also entered into seven supplemental service agreements with the Company subsequently. Under the supplemental service agreements, the total remuneration of Mr. Chan was approximately HK$2,021,000 per annum and he is also entitled to a year-end bonus equal to the higher of HK$2,500,000 or 5.5% of the audited consolidated profit after taxation and minority interest but before extraordinary items and before such bonus of the Group. The amount of bonus paid to Mr. Chan for the year ended 31 March 2023 was HK$2,500,000. Mr. Chan is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Apart from this, Mr. Chan has no service agreement or proposed service agreement with any other members of the Group. The amount of the emoluments payable to Mr. Chan under the service agreements is determined by the remuneration committee of the Board with reference to the level and/or range of remuneration package normally granted by employers in Hong Kong to a senior executive of comparable caliber and job responsibilities.

In relation to the re-election of Mr. Chan, there is no further information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions of Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter which needs to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

2. WONG WAI SUM, MAYA, *BBA (HRM), MA (TRANSPPOL & PLAN), MIHRM (HK), CMILT*

Ms. Wong Wai Sum, Maya (former name: Ms. Wong Wai Sum, May), aged 47, joined the Group in September 2003. She is currently 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. Maya 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.

Ms. Maya Wong holds directorships in all of the subsidiaries of the Company. Ms. Maya Wong is the daughter of Ms. Ng, the sister of Mr. Vincent Wong and Ms. Vivian Wong, and the niece of Mr. Wong Man Chiu, the engineering manager of the Group. Ms. Maya Wong does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Ms. Maya Wong was deemed to be interested in 117,677,000 Shares, representing approximately 43.28% of the total issued Share capital of the Company, held by Skyblue under Part XV of the SFO as she is the one of the beneficiaries of The JetSun Trust. In addition, Ms. Maya Wong was directly interested in 5,682,600 Shares, representing approximately 2.09% of the total issued Share capital of the Company as at the Latest Practicable Date.

Ms. Maya Wong entered into a service agreement with the Company on 30 September 2011, which shall continue until terminated by either party by serving on the other party not less than six months' notice in writing. She also entered into four supplemental service agreements with the Company subsequently. The amount of remuneration as set out in the supplemental service agreements is approximately HK$845,000 per annum, which includes an annual fixed sum bonus equal to her one month's fixed director's fee. She is also entitled to a discretionary bonus calculated by reference to a percentage (which is determined by the Board with reference to the Group's results and Ms. Maya Wong's performance) of audited consolidated net profit of the Group after taxation and minority interest but before extraordinary items of the Group and before such bonus. The amount of discretionary bonus paid to Ms. Maya Wong for the year ended 31 March 2023 was HK$120,000. She is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Apart from this, Ms. Maya Wong has no service contract or proposed service contract with any other members of the Group. The amount of the emoluments payable to Ms. Maya Wong under the service contract is determined by the remuneration committee of the Board with reference to the level and/or range of remuneration package normally granted by employers in Hong Kong to a senior executive of comparable caliber and job responsibilities.

In relation to the re-election of Ms. Maya Wong, there is no further information which is discloseable nor is/was she involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions of Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter which needs to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

3. KWONG KI CHI, *GBS, JP*

Mr. Kwong Ki Chi, aged 72, 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, as director of Macau Legend Development Limited and the independent non-executive director of Giordano International Limited, a company listed in Hong Kong. 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 has been appointed as Independent Non-Executive Director since March 2011.

In addition to his capacity as an Independent Non-Executive Director, Mr. Kwong has also made significant contributions in serving the Company as the chairman of its audit committee and a member of its nomination committee and remuneration committee, in which roles he has provided financial expertise, professional advice and valuable business judgment. Furthermore, Mr. Kwong has confirmed to the Company that he had met the independence guideline as set out in Rule 3.13 of the Listing Rules and has submitted such written confirmation concerning his independence to the Stock Exchange. Therefore, the Board considers him to be independent and believes he should be re-elected in view of his extensive experience and valuable contribution to the Board.

As at the Latest Practicable Date, Mr. Kwong was directly interested in 588,000 Shares, representing approximately 0.216% of the total issued Share capital of the Company. Save as disclosed above, Mr. Kwong does not have any other interests in the Shares within the meaning of Part XV of the SFO.

Mr. Kwong has entered into a letter of appointment and two supplemental letters of appointment, which altogether constitute a service contract, with the Company and is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association. He is entitled to receive from the Company a director's emolument of HK$384,000 per annum which is determined by the Board and its remuneration committee with reference to his duties and responsibilities within the Company. Apart from this, Mr. Kwong has no service contract or proposed service contract with any other members of the Group.

Save as disclosed above, as at the Latest Practicable Date, Mr. Kwong does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years and he does not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Mr. Kwong does not hold any other position with the Company or any other member of the Group.

In relation to the re-election of Mr. Kwong, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions of rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter which needs to be brought to the attention of the Shareholders and there is no other information requiring disclosure under rule 13.51(2) of the Listing Rules.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK$27,191,300 divided into 271,913,000 fully paid Shares.

Subject to the passing of the resolution granting the proposed Repurchase Mandate and on the basis that no further Shares will be issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 27,191,300 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASE

The Board believes that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Any repurchase of Shares may, depending on market conditions and funding arrangements at the prevailing time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Board believes that a repurchase of Shares will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASE

Repurchase must be funded out of funds which are legally available for such purpose in accordance with the Memorandum and Articles of Association and the Companies Act. The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands law, repurchase by the Company may only be made out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Act, out of capital under certain circumstances.

Any premium payable on repurchase over the par value of the Shares to be repurchased must be provided for out of the profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Act, out of capital under certain circumstances.

POSSIBLE MATERIAL ADVERSE IMPACT

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2023, being the date of its latest audited consolidated financial statements. Therefore, the Directors do not intend to make any repurchase to such an extent as would, in the circumstances, have a material adverse effect on the appropriate working capital requirements or the gearing position of the Company as they would consider from time to time.

The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are to be repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases when the Company exercises its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could, depending on the level of such increase, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, so far as known to the Directors and according to the register of interests and short positions of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO, Skyblue, which is wholly owned by Metro Success, was interested in 117,677,000 Shares, representing approximately 43.28% of the entire issued capital of the Company. Metro Success is wholly owned by JETSUN, which is wholly owned by the Trustee (as trustee of The JetSun Trust). The entire issued share capital of JETSUN is owned by the Trustee.

Assuming that Skyblue (being the controlling shareholder (as defined in the Listing Rules) as at the Latest Practicable Date) does not dispose of its Shares, if, which is not presently contemplated, the Repurchase Mandate is to be exercised in full, the percentage of shareholding of Skyblue would be increased to approximately 48.08% after such repurchase.

Apart from the aforesaid increase in shareholding held by Skyblue, the Directors are not aware of any consequences of such repurchase of Shares that would result in Skyblue or any other Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. If the Repurchase Mandate is to be exercised in full, the percentage of shareholding held by the existing Shareholders who being excluded from the definition of "members of the public" given under Rule 8.24 of the Listing Rules, currently altogether holding an aggregate of approximately 73.19% of the shareholding of the Company, will then exceed 75% and thus, the number of Shares held by the public would fall below 25% of the total number of issued Shares. Nevertheless, the Company has no present intention to repurchase Shares or exercise the Repurchase Mandate in full so that the public float of the Company would not fall below 25% of the total number of issued Shares.

SHARE PRICES

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest prices at which Shares were traded on the Stock Exchange are as follows:

	Highest *(HK$)*	**Lowest** *(HK$)*
2022		
July	0.70	0.55
August	0.67	0.63
September	0.65	0.56
October	0.62	0.55
November	0.62	0.56
December	0.62	0.60
2023		
January	0.73	0.62
February	0.72	0.68
March	0.69	0.61
April	0.63	0.60
May	0.75	0.60
June	0.71	0.57
July (up to the Latest Practicable Date)	0.80	0.70

SHARE REPURCHASE MADE BY THE COMPANY

Neither the Company nor any of its subsidiaries has repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

GENERAL

To the best of the Directors' knowledge and having made all reasonable enquiries, none of the Directors nor any of his/her associates has any present intention to sell Shares to the Company or its subsidiaries. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and applicable laws of the Cayman Islands.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares held by him/her/it to the Company, or has undertaken not to sell Shares to the Company in the event that the Company is authorised to repurchase the Shares.

AMS PUBLIC TRANSPORT HOLDINGS LIMITED
進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 77)

28 July 2023

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS – MINIBUS LEASING AGREEMENT

INTRODUCTION

We refer to the circular dated 28 July 2023 ("**Circular**") of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

Under the Listing Rules, the transactions under the New Minibus Leasing Agreement and the New Annual Caps are required to be approved by the Independent Shareholders at a general meeting of the Company. We, being the Independent Non-Executive Directors constituting the Independent Board Committee, are writing to you to set out our opinion in respect of the terms of the New Minibus Leasing Agreement and the New Annual Caps.

The Independent Board Committee was set up to advise you as an Independent Shareholder whether in its view the terms of the New Minibus Leasing Agreement and the transactions thereunder as well as the New Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board as set out on pages 7 to 26 of the Circular, and the letter from the Independent Financial Adviser as set out in Appendix IV of the Circular which contains, among other things, its advice and recommendations to us regarding the terms of the New Minibus Leasing Agreement and the New Annual Caps with the principal factors and reasons for its advice and recommendations.

RECOMMENDATION

Having taken into account the advice and recommendation of the Independent Financial Adviser, we consider that the New Minibus Leasing Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms (including the payment terms), and the entering into of the New Minibus Leasing Agreement and the transactions thereunder is in the interests of the Group and the Shareholders as a whole, and that the terms thereof and the New Annual Caps are fair and reasonable as far as the Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the New Minibus Leasing Agreement (and the transactions thereunder) and the New Annual Caps.

Yours faithfully
For and on behalf of
the Independent Board Committee
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi
Mr. James Mathew Fong
Independent Non-Executive Directors

The following is the full text of the letter from Messis Capital Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this Circular.

MESSIS 大有融資

28 July 2023

To: *The Independent Board Committee and the Independent Shareholders of AMS Public Transport Holdings Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS – MINIBUS LEASING AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee with regard to the continuing connected transactions in relation to the New Minibus Leasing Agreement. Details of the continuing connected transactions and the proposed caps for the period from 1 October 2023 to 30 September 2026 are contained in the "Letter from the Board" of the circular to the Shareholders dated 28 July 2023 (the "**Circular**"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

Reference is made to the announcement of the Company dated 29 June 2023 in respect of the New Minibus Leasing Agreement and the New Annual Cap.

As set out in the Company's announcement of 29 June 2023, the Lessee, which is a wholly-owned subsidiary of the Company, entered into the New Minibus Leasing Agreement with the Owners under which the Lessee conditionally agreed to rent from the Owners certain minibuses owned by them, and the Owners conditionally agreed to lease such minibuses to the Lessee during the period from 1 October 2023 to 30 September 2026 (the "**Leasing Transactions**"). As each of the Owners is a connected person of the Company under the Listing Rules and the relevant percentage ratios of the New Annual Cap are higher than the thresholds set out in the Listing Rules, the proposed ongoing transactions between the Company and the Owners under the New Minibus Leasing Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to, among others, the approval of the Shareholders at a general meeting of the Company. Any shareholders who have a material interest in the transaction must abstain from voting on the transaction. In respect of the Monthly Administration Fee payable by the Owners to the Lessee, as all applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the largest annual cap for the Monthly Administration Fee are higher than 0.1% but less than 5% and such largest annual cap is less than HK$3,000,000, the transaction in respect of the Monthly Administration Fee under the New Minibus Leasing Agreement and the corresponding annual caps are fully exempted from reporting, announcement and annual review requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all Independent Non-Executive Directors, namely, Dr. Chan Yuen Tak Fai, Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong, has been established to consider the terms of the New Minibus Leasing Agreement and the New Annual Cap for the three years ending 30 September 2026. As the Independent Financial Adviser to the Independent Board Committees, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the New Minibus Leasing Agreement and the transactions contemplated thereunder and the New Annual Caps are in the interests of the Company and the Independent Shareholders as a whole and are fair and reasonable so far as the shareholders are concerned; (ii) the New Minibus Leasing Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the Independent Shareholders should vote in favour of the resolutions to approve the New Minibus Leasing Agreement at the AGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Group under Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice regarding the New Minibus Leasing Agreement and the transactions contemplated thereunder. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and advice, we have relied on the statements, information, opinions and representations contained or referred to in this Circular and the representations made to us by the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the AGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its adviser and/or the Directors, which have been provided to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable and there are no reasons to doubt the accuracy and reliability of such public information.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement contained in this Circular misleading.

We consider that we have reviewed all currently available information and documents, among others: (i) the announcement of annual results for the year ended 31 March 2023 (the "**Annual Results 2023**"); (ii) the annual report of the Company for the year ended 31 March 2022 (the "**Annual Report 2022**"); (iii) the New Minibus Leasing Agreement; (iv) the basis and assumptions of the New Annual Cap contemplated under the New Minibus Leasing Agreement; (v) the minutes of the board meeting regarding the New Minibus Leasing Agreement; and (vi) the internal control measures governing continuing connected transactions.

We consider that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent investigation into the business, affairs, borrowing and financial position or prospects of the Company or the Group.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Minibus Leasing Agreement and the proposed New Annual Cap, and except for its inclusion in this Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the terms of the New Minibus Leasing Agreement and the proposed New Annual Cap, we have considered the following principal factors and reasons as set out below.

1. Background information to and reasons for the New Minibus Leasing Agreement

(i) Information of the Group

The Group is principally engaged in the provision of franchised PLB and residents' bus services in Hong Kong. As at the Latest Practicable Date, the Company operates 72 Green Minibus routes and four residents' bus routes, and based on the Company's Annual Results 2023, the Group had 354 PLBs and operated 72 franchised PLB routes.

The following is the franchised PLB and residents' bus service income of the Group for each of the two financial years ended 31 March 2021, 2022 and 2023 as extracted from the Annual Report 2022 and the Annual Results 2023 respectively.

	For the year ended 31 March		
	2021	**2022**	**2023**
	(audited)	*(audited)*	*(audited)*
	HK$'000	*HK$'000*	*HK$'000*
Franchised PLB and residents' bus service income	303,366	334,702	371,332

According to the Annual Results 2023, the Group's revenue from both franchised PLB services and residents' bus services was approximately HK$371.3 million for the year ended 31 March 2023, representing an increase of 10.9% as compared to the revenue of approximately HK$334.7 million from both franchised PLB services and residents' bus services for the year ended 31 March 2022. The patronage of the Group's franchised PLB services the year increased from approximately 50.2 million for the year ended 31 March 2022 to approximately 53.0 million for the year ended 31 March 2023, which was primarily due to the resumption of normalcy in economic and social activities of Hong Kong.

According to the Annual Report 2022, the Group's revenue from both franchised PLB and residents' bus service for the year ended 31 March 2022 was approximately HK$334.7 million, which represents an increase of approximately HK$31.3 million or 10.3% as compared to the revenue from both franchised PLB and residents' bus service of approximately HK$303.3 million for the year ended 31 March 2021, mainly due to the gradual recovery from the impact of COVID-19 and the fare increase in some routes approved by the Transport Department. The overall patronage of the Group rose by 9.6% to approximately 50.2 million for the year ended 31 March 2022 compared with the year ended 31 March 2021.

(ii) Information on the Owners

As stated in the Letter from the Board, each of the Owners is principally engaged in the minibus leasing business in Hong Kong. As at the date of the New Minibus Leasing Agreement and the Latest Practicable Date:

(i) Maxson and HKCT are both owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong (as to 10%, 15%, 5%, 5% and 5% respectively). The holding company of All Wealth, Metro Success, is wholly and indirectly owned by the Trustee acting as the trustee of The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong and the grandchildren of Mr. Wong. Since Mr. Vincent Wong, Ms. Ng, Ms. Maya Wong and Ms. Vivian Wong, who are all Directors and thus connected persons of the Company, are the discretionary objects of The JetSun Trust, the Trustee (acting in its capacity as the trustee of The JetSun Trust) and Maxson and HKCT, both being companies interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust), are also connected persons of the Company.

(ii) Big Three is owned as to (i) 40% by Mr. Vincent Wong (out of which 10% is held on trust for Mr. Chace Wong as beneficiary) and (ii) 60% by Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. Maya Wong (as to 10%, 30% (out of which 20% is held on trust for Mr. Chace Wong as beneficiary), 10% and 10% respectively). Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and Ms. Maya Wong are Directors and thus connected persons of the Company. According to the Listing Rules, Big Three is an associate of Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and Ms. Maya Wong and thus also a connected person of the Company.

As Mr. Vincent Wong, Ms. Ng, Ms. Maya Wong and Ms. Vivian Wong are the discretionary objects of The JetSun Trust, Maxson and HKCT, both being companies interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust), are connected persons of the Company. In addition Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and Ms. Maya Wong are Directors and thus connected persons of the Company. According to the Listing Rules, Big Three is an associate of either Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and/or Ms. Maya Wong, each of them is also regarded as a connected person of the Company.

2. Reasons and benefits for entering into the New Minibus Leasing Agreement

The New Minibus Leasing Agreement will be the seventh agreement of this type entered into between the Owners and the Group since 1 April 2003, and the Original Minibus Leasing Agreement, being the latest one in effect, was entered into on 26 June 2020 to further renew the lease for three years from 1 October 2020 to 30 September 2023.

The Original Minibus Leasing Agreement will soon expire and it is anticipated that the Group will continue to lease PLBs from the Owners for the operation of its Green Minibus routes. Accordingly, for the purposes of governing the Leasing Transactions and ensuring compliance with Chapter 14A of the Listing Rules, the Group entered into the New Minibus Leasing Agreement with the Owners which will be subject to reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The usage and operation of each PLB in Hong Kong would require a vehicle registration licence to be obtained individually for such PLB ("**PLB licence**"). Under the New Minibus Leasing Agreement, the lease of each PLB by the Lessee from the Owners will cover the leasing of the PLB licence in relation to such PLB.

According to the applicable accounting standards, PLB licences in relation to PLBs are revaluated with reference to their market value at each reporting date. Thus, if the Group were to own the PLBs (together with their PLB licences) instead of leasing them from third parties, the volatility of the market value of PLB licences may bring significant impact to the Group's financial performance from time to time.

In view of the above, the Directors (including the Independent Non-Executive Directors) considered that it remains beneficial for the Group to operate its business mostly with leased green minibuses as this reduces the financial resources tied up with the PLB licences and the exposure to the risk of fluctuation in the value of such licences, and therefore the leasing of minibuses is a more reasonable option that is beneficial to and in the interest of the Company and its Shareholders as a whole.

Having considered the past cooperation between the Group and the Owners, the Directors are of the view that the New Minibus Leasing Agreement will facilitate the Group in focusing its business in Green Minibus routes operations and therefore is in the interests of the Company and the Shareholders as a whole.

We noted from the annual reports of the Company for the two financial years ended 31 March 2021 and 31 March 2022 that the operation of Green Minibus routes is the core business of the Group, and the Group has been largely relying on the use of leased PLBs for its operation for many years, the leasing of PLBs could provide stability and is essential to the continuation of the Group's core business, being the operation of Green Minibus routes, which is in line with ordinary and usual industry practice. Therefore, we concur with the Directors' view that the entering into the New Minibus Leasing Agreement will facilitate the Group in focusing its business in Green Minibus routes operations and therefore is in the interests of the Company and the Shareholders as a whole.

3. New Minibus Leasing Agreement

The principal terms of the New Minibus Leasing Agreement are set out below:

Date:	29 June 2023
Parties:	(i) Maxson
	(ii) HKCT
	(iii) Big Three (collectively as Owners)
	(iv) the Lessee
Lease:	Each of the Owners agrees to lease and the Lessee agrees to accept the PLBs for lease.
Term:	From 1 October 2023 to 30 September 2026, both days inclusive.

Rentals: Rentals shall be paid in advance on or before the 5th day of each calendar month. The rentals in respect of each PLB shall be determined by reference to its age and carrying capacity in accordance with the following benchmark table ("**Benchmark Table**"):

Class	**Age**	**Daily rental payable under the Original Minibus Leasing Agreement**
1	2 years or below (19-seater PLBs)	HK$750
2	Over 2 years but within 8 years (19-seater PLBs)	HK$680
3	Over 2 years (16-seater PLBs)	HK$480

Class *(Note 2)*	**Age**	**Daily rental payable under the New Minibus Leasing Agreement**
1	2 years or below (19-seater PLBs)	HK$790
2	Over 2 years (19-seater PLBs)*(Note 1)*	HK$690
3	All ages (16-seater PLBs)	HK$490

Notes:

1. It is estimated that the maximum age reached among the 19-seater PLBs would be approximately 11 years by the end of the term of the New Minibus Leasing Agreement.

2. The classification of the rentals in respect of the PLBs (with reference to their age) under the New Minibus Leasing Agreement has been broadened as compared to that under the Original Minibus Leasing Agreement, taking into consideration the fact that the new law for increasing the maximum passenger seating capacity of minibuses from 16 to 19 has been implemented for a considerable period since 2017, and hence the age range of the 16-seater PLBs and the 19-seater PLBs respectively owned by the Owners to be leased under the New Minibus Leasing Agreement would have increased. Further, with the introduction of 19-seater PLBs, many 16-seater PLBs have been replaced by 19-seater PLBs, and 16-seater PLBs aged under 2 years are becoming extremely uncommon in the market, making it redundant to divide 16-seater PLBs into two age classes. Accordingly, the Lessee and the Owners agreed to adjust class 2 and class 3 of the Benchmark Table under the New Minibus Leasing Agreement, in order to reflect that the 19-seater PLBs to be leased are no longer subject to a cap of 8 years of age and the 16-seater PLBs to be leased may be of all ages.

Benchmark Table: The rentals in respect of each of the 19-seater PLBs will be reduced during the lease period by reference to the age of each 19-seater PLBs in accordance with the Benchmark Table. Subject to any annual review of the daily rentals payable by the Lessee under the Benchmark Table which may be required by the independent non-executive Directors, the Benchmark Table will be applied throughout the term of the New Minibus Leasing Agreement and will be reviewed upon the renewal of the New Minibus Leasing Agreement. Upon request of the Independent Non-Executive Directors for an annual review of the daily rentals payable by the Lessee under the Benchmark Table, the Lessee and the Owners shall jointly appoint an independent valuer to assess the prevailing market rentals of the PLBs. The Benchmark Table should then be adjusted in accordance with the then prevailing market rentals as so assessed by the independent valuer, whose decision shall be final and conclusive and binding on the parties to the New Minibus Leasing Agreement.

Number of PLBs: 283 PLBs were initially identified as owned by the Owners as available for lease during the term of the New Minibus Leasing Agreement provided that at any time and from time to time, the parties may by written agreement vary the number of PLBs to be leased, add or remove any PLB or replace any PLB with another PLB and the Lessee may by one month's advance notice request to remove or replace any PLBs. The rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table and the Owners are obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 312 (representing the number of PLBs available for lease during the term of the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee.

Notes:

1. As at the Latest Practicable Date, there were 283 PLBs leased by the Owners to the Lessee under the Original Minibus Leasing Agreement.

2. 283 PLBs owned by the Owners have been identified for lease to the Lessee under the New Minibus Leasing Agreement, which is an indicator of the number of PLBs available for lease if there is no variation by the parties as of the commencement of the term of the New Minibus Leasing Agreement (being 1 October 2023).

3. There is no specific requirement on the number of PLBs to be leased for each of the classes in the Benchmark Table under the New Minibus Leasing Agreement.

Right of first refusal:	Under the New Minibus Leasing Agreement, the Lessee has the right of first refusal if any of the Owners proposes to sell or otherwise dispose of any of the PLBs during the term of the New Minibus Leasing Agreement. If the Lessee opts not to purchase the PLBs or it has failed to give such Owner a reply notice indicating whether it would purchase the PLBs within 28 days of the receipt of such notice of intention to sell/dispose of the PLB(s) from the Owner, the Owner may sell the PLBs to the third party purchaser. Each of the Owners has undertaken that, in such case, it will only sell or dispose of the PLBs to the third party purchaser on terms and at the price no more favourable to the purchaser than the terms and the price as previously offered to the Lessee and on condition that (unless such condition is waived by the Lessee) the sale shall be subject to the existing lease, or the purchaser shall enter into a new lease with the Lessee on terms which are no less favourable to the Lessee as compared to the existing lease.
Insurance and vehicle licence:	The Lessee has agreed to arrange on behalf of the Owners for the following administration services including mainly taking out and maintaining relevant insurance policies, arranging the vehicle licence renewal and handling the liaison work and other administrative procedures relevant to the payment of vehicle licence fees insurance premium. For avoidance of doubt, the vehicle licence fee and insurance premium shall be borne by the Owners (with any such payment incurred by the Lessee (if any) to be reimbursed by the Owners). In consideration of such administration services, amongst others, the Owners shall pay to the Lessee a Monthly Administration Fee of HK$700 per PLB which is calculated based on the relevant labour and other office expenses involved at a premium rate of approximately 15% given in favour of the Lessee. The parties adhere to the same rate under the Original Minibus Leasing Agreement. Such fee shall be deducted from the rentals for the PLBs. The Lessee shall indemnify the Owners against any loss and damage in excess of the insurance coverage arising from loss or damage to the PLBs or accidents involving the PLBs (other than accidents resulting from the act, neglect or default of the Owners or their employees, agents or contractors) during the lease period, provided that the Owners shall first make a claim under the insurance policy.
Maintenance:	The Lessee shall be responsible for the cost of service and maintenance in accordance with the cost of any necessary repairs and for all fuels and lubricants for the proper running of the PLBs.

Change of Owners:	(1) Any third party(ies) beneficially and wholly owned by the Wong Family or any of its member(s); and/or (2) any member(s) of the Wong Family, shall be entitled, at any time with prior written notice from the relevant Owner(s) to the Lessee, to subrogate or supplement any of the Owner(s) insofar as the subject matter under the New Minibus Leasing Agreement (including but not limited to lease of the PLBs and the rights and obligations of each party thereto) is concerned. The provisions of the New Minibus Leasing Agreement shall apply, *mutatis mutandis*, to such third party(ies) and/or member(s). For the avoidance of doubt, such third party(ies) and/or member(s) shall include without limitation (1) company(ies) directly or indirectly and wholly owned by the Wong Family or any of its member(s); (2) trust(s) set up by the Wong Family or any of its member(s); and (3) Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong. In connection therewith, the Owners shall procure that such third party(ies) and/or member(s) shall irrevocably submit to be bound by and act in accordance with the terms of the New Minibus Leasing Agreement as if it were a party(ies) thereto.

(i) Rentals

According to the Letter from the Board, the rentals in respect of the 19-seater PLBs will be reduced during the term of the New Minibus Leasing Agreement by reference to the age of each PLB in accordance with the Benchmark Table, while the rental of 16-seater PLBs have slightly increased under the New Minibus Leasing Agreement as compared to the Original Minibus Leasing Agreement. Also, pursuant to the terms of the New Minibus Leasing Agreement, subject to any annual review of the Benchmark Table which may be required by the Independent Non-Executive Directors, the Benchmark Table will be applied throughout the whole three years term and will be reviewed upon the renewal of the New Minibus Leasing Agreement. The Management will provide prevailing PLB rental information in the market, which will be sourced from the Transport Department of Hong Kong, to the Independent Non-Executive Directors annually for their consideration. The Independent Non-Executive Directors will then consider if the market rental is materially different from the contract rental in the Benchmark Table thereby warranting the need for adjustment to the Benchmark Table. Upon request of the Independent Non-Executive Directors for an annual review of the Benchmark Table or upon the renewal of the New Minibus Leasing Agreement, the Company and the Owners shall jointly appoint an independent valuer to assess the prevailing market rentals of the PLBs. The Benchmark Table should then be adjusted in accordance with the then prevailing market rental as so assessed by the independent valuer, whose decision shall be final and conclusive and binding on the parties to the New Minibus Leasing Agreement.

We understand that the Benchmark Table was determined with reference to the valuation of the rental payment for PLBs (the "**Valuation**") carried out by HG Appraisal using the market approach as well as under the assumptions set out in the Letter from the Board.

We have reviewed the scope of work of HG Appraisal as set out under the valuation proposal dated 14 March 2023 between HG Appraisal and the Company and discussed regarding works conducted by HG Appraisal, which includes (a) to design and discuss with the Company about the questionnaire and the schedule of the survey; (b) to interview routes operators and collect market rent information for PLB, where possible; (c) to assess the market rent based on the survey results; (d) to present the findings and conclusions of the PLB market rent survey; (e) to attend meetings and respond to inquiries relating to the survey; and (f) to prepare the survey report and provide HG Appraisal's opinion of the market rent for PLB. From our review and discussion with HG Appraisal, the works performed by HG Appraisal were general in line with scope set out under the valuation proposal dated 14 March 2023 between HG Appraisal and the Company. We have also reviewed the qualification and past valuation project experience of the HG Appraisal, whose responsible person for this valuation project is a chartered and qualified surveyor with valuation experience for over 35 years, in variety of industry sectors, asset types and geographical markets, including but not limited to previous similar valuations in respect of PLBs for the Group, as well as the valuation of various types of properties (including residential, commercial, offices, industrial and specialized properties), business valuation, intangible assets valuation, purchase price allocation, and machineries and equipment valuation in Hong Kong, Mainland China and other countries/regions, for the purposes of initial public offerings, mergers and acquisitions, accounting, litigation, financing and mortgages, etc. Further, the HG Appraisal also confirmed that they are suitable to act as an independent valuer in the interview with us. Thus, we considered HG Appraisal is suitable and competent to act as the independent valuer to assess the prevailing market rentals of PLBs.

We have reviewed the valuation report with the valuation date on 8 May 2023 issued by HG Appraisal and have discussed with HG Appraisal regarding (i) the valuation approach adopted by them, (ii) the assumption applied in the valuation; and (iii) the selection basis and coverage period of the comparables.

In assessing the market value of the rental payment for PLBs (the "**Rentals**"), the market approach was adopted for the reason that: (i) the market of lease of the PLBs' existence provides observable market rental data since the minibus owners and the route operators are able to make the comparison and negotiation on the amount of Rentals through dealers or direct contact; (ii) the available rental income data of the PLBs obtained from several market participant interviewed provided a reasonable indication of the Rentals; (iii) the cost approach taking the replacement cost of an asset into account may have limitation to properly reflect the market value of the Rentals; and (iv) the income approach replies on estimation or guestimate of market return rate on the PLB licence, which may not be easily observable. Since there is sufficient information in relation to the amounts of Rentals via comparison and quotations between the minibus owners and the route operators which creates the information from market participants transparent as a reasonable indication, we considered adopting the market approach for valuation of Rentals is fair and reasonable.

In assessing the market value of the Rentals, HG Appraisal assumes that (i) there will be no material change in existing political, legal, technological, fiscal or economic condition, which will adversely affect the normal operation of PLBs; (ii) no uncontrollable factor in short term which could adversely impact on the Company and its business; and (iii) the market trend and conditions for the PLBs operation in Hong Kong will not deviate significantly from the economic forecasts in general. We have reviewed the existing government policies on minibus transportation and data available from the Transportation Department, we are not aware of any government policies and existing business environment which would bring material adverse changes to the Company and its business. We considered the assumptions adopted by the HG Appraisal to be fair and reasonable.

In assessing the selection basis and the coverage period of the comparables, we have reviewed the underlying documents and related working calculations under the valuation report issued by HG Appraisal, and we understand that the market rental data are based on the latest available data of market rental payments for PLBs (the "**Latest Available Market Data**"). We also noted that different types of market participants are selected, which include (i) a minibus operator association; (ii) two PLB route operators; and (iii) two PLB dealers, who are in different business size in leasing business relationship in relation to 30 to 100 minibuses, or 600 to 700 minibuses, or about 1,000 minibuses, in total up to 1,800 minibuses, representing approximately 43.45% to the total number of licensed minibuses as at the end of year 2022, according to the data from the Transport Department, which states that as at the end of year 2022, a total of 4,143 PLBs were licensed out, in which 871 were red minibuses and 3,272 were green minibuses. We also noted that the Latest Available Market Data from the aforesaid market participants were provided in (i) different categories by (a) 19-seat; and (b) 16-seat; and (ii) different age group by (a) on or below 2 years; and (b) over 2 years.

Given that (i) there is no open market information regarding the market rental payments of PLBs; (ii) the Latest Available Market Data includes different types and sizes of market participants, which include (a) a minibus operator association; (b) two PLB route operators; and (c) two PLB dealers, who are in different business size in leasing business relationship in relation to 30 to 100 minibuses, or 600 to 700 minibuses, or about 1,000 minibuses; (iii) the Latest Available Market Data from the market participants includes different categories by (a) 19-seat; and (b) 16-seat; and different age group by (a) on or below 2 years; and (b) over 2 years; and (iv) the samples size represents approximately 43.45% to the total number of licensed minibuses as at the end of year 2022, we considered the selection basis and the coverage period are representative, fair and reasonable.

Based on the valuation report and our discussion with HG Appraisal, HG Appraisal arrives the valuation that the average prevailing market rental for 19-seater PLBs in operation for 2 years or below, 19-seater PLBs in operation for more than 2 years and 16-seater PLBs in operation for over 2 years are HK$795 per day, HK$694 per day and HK$498 per day, respectively. We have discussed with HG Appraisal regarding the calculation of the average prevailing market rental, and we note that HG Appraisal used the weighted average calculation and has included only market rental data where the interviewees stated the age group of the PLBs leased, namely 19-seater PLBs in operation for two years or below, 19-seater PLBs in operation for more than 2 years and 16-seater PLBs in operation over two years. Given that HG Appraisal has conducted interviews with independent PLB parties and only comparable data is included in the weighted average calculation, we are of the view that the calculation of the average rental price for 19-seater PLBs in operation for 2 years or below, 19-seater PLBs in operation for more than 2 years and 16-seater PLBs in operation for over 2 years is fair and reasonable.

Having considered the assumptions, the methodology, and the basis applied by HG Appraisal in its assessment of the market rental for PLBs and their professional opinion that there is sufficient information from the market on the market rental for market data to be collected, indicating a benchmark or market equilibrium PLBs daily rental price, we consider that the Valuation has been conducted on a fair and reasonable basis. As the proposed rental for each class of PLBs under the Benchmark Table is equal to or less than the respective daily market rental concluded from the Valuation, we are of the view that the proposed rentals under the Benchmark Table are not less favourable than the prevailing rentals for PLBs in the market. In addition, since the Group also leases PLBs from other PLB owners who are independent third parties, we have discussed with the Company regarding the comparison between the daily rentals under the Benchmark Table and the existing daily rentals paid by the Group to the independent third parties PLB owners. In this connection, we note that as at the Latest Practicable Date, the Group only leased five PLBs from independent third parties, (i) one 19-seater PLB in operation over 2 years with a daily rent of HK$635, which is lower than, the proposed daily rental of HK$690 for 19-seater PLBs in operation over 2 years under the Benchmark Table; and (ii) four 19-seater PLBs in operation under 2 years with a daily rent of HK$750, which is also lower than, the proposed daily rental of HK$790 for 19-seater PLBs in operation under 2 years under the Benchmark Table. Although the rentals of such 19-seater PLBs are below the daily rentals agreed with the Owners, we understand from the Management that the agreed pricing with independent third party PLB owners were in accordance with the pricing mechanism under the Original Minibus Leasing Agreement, which may be subject to review anytime as requested by the independent third party PLB owners. We have also reviewed the rental quotation for a 19-seater in operation under 2 years from another independent third party, and was offered a vehicle for the daily rent of HK$1,000, which is higher than the proposed rentals under the Benchmark Table. It is noted that the rentals of PLBs from independent third party have a broader price range. Given that the rentals for 19-seater PLBs can range from HK$635 to HK$1,000 as well as the number of PLBs the Company is leasing, we are of the view that the Benchmark Table is favorable to the Company and is fair and reasonable as far as the Independent Shareholders are concerned. In addition, given that the Benchmark Table will be subject to annual review if required by the Independent Non-Executive Directors and may be adjusted in accordance with the then prevailing market rentals as so assessed by an independent valuer, we are also of the view that any adjustment to be made to the Benchmark Table on such basis will be fair and reasonable.

(ii) Monthly Administration Fee

Under the New Minibus Leasing Agreement, the Group has agreed to arrange, on behalf of the Owners, to take out and maintain insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased under the New Minibus Leasing Agreement, subject to reimbursement of such fees and expenses by the Owners. In consideration of such services, the Owners shall pay to the Group a monthly administration fee (the "**Monthly Administration Fee**") of HK$700 per PLB which shall be deducted from the rentals payable by the Company for the PLBs. On the other hand, the Group shall be responsible for the cost of service and maintenance (including but not limited to materials, oil, grease and lubricants) in accordance with the manufacturer's recommendations, together with the cost of any necessary repairs and for all fuels and lubricants for the proper running of the PLBs.

As discussed with HG Appraisal, we understand that it is very common in the market for lessees to bear the repairs and maintenance costs of the leased PLBs but in cases where owners are requested to be responsible for the payment on repairs and maintenance, then the rent will be negotiated on such basis. We have also discussed with the Company as to whether or not it expects to incur substantial costs of repairs and maintenance under the New Minibus Leasing Agreement. In this connection, we understand from the Company that repairs and maintenance costs have basically been consistent from year to year depending on the fleet size and fleet age and the Company does not expect to have any substantial increase in its repairs and maintenance costs as a result of the New Minibus Leasing Agreement. As explained by the Company, its practice is always to take extra care with a stringent standard on routine maintenance so that the PLBs leased by the Group are always in good condition. Such practice will also help the Group to avoid any unexpected overhaul with substantial costs for the leased PLBs.

We understand from the Company that the Monthly Administration Fee is projected on a cost plus margin basis (i.e. the relevant labour and other office expenses expected to be incurred by the Lessee at a premium rate of approximately 15%). We have discussed with the Company and reviewed the latest Department Interpretation and Practice Notes No. 24 (Revised) as published by the Inland Revenue Department in July 2009, which states that under the situation that a firm A pays management fees for the service company B, which is directly or indirectly controlled by partners of the firm A, for supply of certain operating requirements to the firm A, the margin not exceeding 12.5% of the cost element will generally be accepted as being commercially realistic and provides a reasonable approximation of those applicable in arm's length business operation. As advised by the Company, the arrangements for the Monthly Administration Fee between the Group and the Owners are on similar terms to those with other PLBs owners who are independent third parties and lease PLBs to the Group. In particular, the Company also charges the independent third party PLB owners a monthly administration fee of HK$700 per PLB and arranges on their behalf for taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased to the Group.

We have reviewed all three PLB lease agreements entered into between the Group and independent third party PLB owners and noted that, all PLB owners are required to pay to the Group monthly administration fees at HK$700 per PLB. On the basis that the Monthly Administration Fee has been based on terms which are no more favourable to the Owners than those offered by the Company to independent third party PLB owners, we consider that the Monthly Administration Fee and the payment arrangement to be fair and reasonable as far as the Independent Shareholders are concerned.

Considering (i) the margin of 12.5% as a commercially realistic and reasonable indication for service provision as mentioned in the latest Department Interpretation and Practice Notes No.24 (Revised) as published by the Inland Revenue Department in July 2009; (ii) the additional 2.5% caters for the upward trend of the inflation rate in Hong Kong since July 2009 as well as the frequent interest rate increase by US Federal Reserve since year 2022; and (iii) the Monthly Administration Fee charged by the Group to the Owners are no more favourable than the payment arrangement from the independent third party PLB owners to the Group, we considered the Monthly Administration Fee and the margin of 15% are fair and reasonable and on normal commercial terms.

Pursuant to the New Minibus Leasing Agreement, the Lessee shall indemnify the Owners against any loss or damage in excess of the insurance coverage arising from loss or damage to the PLBs or accidents involving the PLBs (other than accidents resulting from the act, neglect or default of the Owners or their employees, agents or contractors) during the lease period, provided that the Owners shall first make a claim under the insurance policy. As discussed with the Company, we understand that the Group has also given similar indemnities to other independent third party PLB owners from whom the Group leases PLBs. Given that lessees are basically the operators who would be responsible for traffic accidents arising from their misconduct, it would not be fair for the PLB owners to accept all the losses incurred from traffic accidents under the lessees' operation which could be significant. Based on the aforesaid practice and the rationale behind it, we are of the view that the indemnity to be given by the Lessee to the Owners is on normal commercial term and fair and reasonable.

(iii) Number of PLBs subject to lease

Pursuant to the New Minibus Leasing Agreement, the Group will lease a total of 283 PLBs from the Owners and such number of PLBs may be varied from time to time by mutual written agreement, provided that the rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table. In addition, the Owners shall be obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 312 (representing the number of PLBs available for lease during the term of the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee. As at the Latest Practicable Date, there were 283 PLBs leased by the Owners to the Lessee under the Original Minibus Leasing Agreement.

We understand from the Company that the number of PLBs (i.e. 283) available for lease during the term of the New Minibus Leasing Agreement has been based on the actual number of PLBs leased from the Owners to the Group as at the date of the New Minibus Leasing Agreement. Given that the New Minibus Leasing Agreement also provides the Lessee the right, but not the obligation, to demand additional PLBs to be leased from the Owners, we are of the view that such right will provide the Group with the flexibility to expand its PLB fleet size, if necessary, during the term of the New Minibus Leasing Agreement and is therefore in the interests of the Company and the Shareholders as a whole.

(iv) Right of first refusal

Pursuant to the New Minibus Leasing Agreement, the Group has the right of first refusal if any of the Owners propose to sell or otherwise dispose of any of the leased PLBs during the term of the New Minibus Leasing Agreement. If the Group opts not to purchase the PLB or has failed to give the Owners a reply notice indicating whether it would purchase the PLB, the Owners may sell the PLB to a third party purchaser. Each of the Owners has undertaken that, in such case, it will only sell or dispose of the PLB to a third party purchaser on terms and at a price no more favourable than those as previously offered to the Group and on condition that (unless such condition is waived by the Group) the sale shall be subject to the existing lease, or the purchaser shall enter into a new lease with the Group on terms which are no less favourable to the Group as compared to the existing lease.

Given that the leasing of PLBs is essential to the continuation of the Group's core business, we consider it is important that the Owners are capable of providing such number of PLBs as stipulated under the New Minibus Leasing Agreement for leasing by the Group throughout the term of the New Minibus Leasing Agreement. By virtue of the right of first refusal, the Group will have the pre-emptive right to purchase the PLBs that are subject to the Leasing Transactions from the Owners or otherwise be able to lease such PLBs, without any interruption, from the new owner on terms which are no less favourable to the Group as compared to those under the New Minibus Leasing Agreement. Such right of first refusal will safeguard the interests of the Company during the term of the New Minibus Leasing Agreement from any possible disruption to its operation arising from the Owners' disposal of the PLBs which are subject to the Leasing Transactions. Accordingly, we are of the view that the right of first refusal, as one of the terms of the New Minibus Leasing Agreement, is in the interests of the Company and the Shareholders as a whole.

Given that the terms of the New Minibus Leasing Agreement are materially the same as the terms of the Original Minibus Leasing Agreements, it will provide indication as to the fairness and reasonableness of the terms of the New Minibus Leasing Agreement. In this regard, we have reviewed the annual reports of the Company for the two financial years ended 31 March 2021 and 31 March 2022 which indicated that the auditors of the Company had conducted annual reviews of the Group's transactions with the Owners under the Original Minibus Leasing Agreement and had confirmed that, among others, those transactions had been entered into in accordance with the terms of the Original Minibus Leasing Agreement and were either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties. Moreover, it was stated in the aforesaid annual reports of the Company that the

Independent Non-executive Directors of the relevant time had reviewed, approved and confirmed the continuing connected transactions for the two years ended 31 March 2021 and 31 March 2022.

We have also reviewed records of monthly rental payments by the Group to the Owners in respect of the leasing of PLBs for each month of the financial year ended 31 March 2023, being a complete year's worth of receipts of rental payments for the latest financial year and which, we consider to be a fair and representative record of the transactions between the Group and the Owners. We noted that such payments were made in accordance with the terms of the Original Minibus Leasing Agreement.

On the basis that (i) the rentals were determined in accordance with the Benchmark Table which is in line with the prevailing market rental; (ii) the Monthly Administration Fee to be paid is in line with the amounts payable to independent third parties; (iii) the right of first refusal would protect the Group from possible disruption to its operation arising from the Owners' potential disposal of the PLBs; and (iv) the New Minibus Leasing Agreement is essentially a renewal of the Original Minibus Leasing Agreement with similar terms where past leasing transactions have been conducted in accordance with the terms of the Original Minibus Leasing Agreement and on normal commercial terms, we are of the view that the terms of the New Minibus Leasing Agreement is in the interests of the Company and the Shareholders as a whole and its terms are fair and reasonable so far as the Independent Shareholders are concerned.

4. Rationale for determining the annual cap for the Leasing Transactions

Pursuant to HKFRS 16 "Lease", the rental payment payable by the Lessee under the New Minibus Leasing Agreement shall be recognised as right-of-use assets, which shall be amortised over the term of the New Minibus Leasing Agreement. According to the Listing Rules, the Lessee is required to set annual caps on the total value of right-of-use assets relating to the lease entered into under the New Minibus Leasing Agreement.

The Monthly Administration Fee shall be recognised as income of the Lessee over the term of the New Minibus Leasing Agreement and separate annual caps will be set on the Monthly Administration Fee.

Based on the Company's forecast of the Leasing Transactions to be carried out from 1 October 2023 to 30 September 2026, we noted that the total number of PLBs to be leased from the Owners will be 283 which is based on the actual number of PLBs to be leased from the Owners as at the date of the New Minibus Leasing Agreement. In other words, the Company does not expect there to be material change to its fleet size with respect to the PLBs to be leased from the Owners in the near future. In fact, such view is also consistent with the findings of HG Appraisal that the daily market value for PLBs remains relatively stable. As such, the Company has taken a prudent approach and considers that there may not be a substantial increase in the number of routes which the Group is operating as well as the fleet size. As advised by the Company, the number of 19-seater PLBs operated will increase as it gradually replaces 16-seater PLBs due to the change in the law therefore, the number of 16-seater PLBs is expected to decrease from 75 as at 30 September 2023 to 29 as at 30 September 2026 and the number of 19-seater PLBs will increase from 208 as at 30 September 2023 to 254 as at 30 September 2026.

The table below sets out the estimated maximum rentals payable by the Lessee to the Owners under the New Minibus Leasing Agreement in different periods:

	For the 6 months ending 31 March 2024	**For the year ending 31 March 2025**	**For the year ending 31 March 2026**	**For the 6 months ending 30 September 2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Estimated maximum rentals payable by the Lessee to the Owners	37,069	74,793	76,392	38,657

In light of HKFRS 16, the proposed annual caps on the right-of-use assets are set out in the table below:

	For the 6 months ending 31 March 2024	**For the year ending 31 March 2025**	**For the year ending 31 March 2026**	**For the 6 months ending 30 September 2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Annual caps on the right-of-use assets	205,312	22,761	14,029	4,329

We have reviewed and discussed with the Company regarding the calculation approach of the value of right-of-use asset for the PLBs and understand that the estimated value of the right-of-use asset for the PLBs including the 10% expansion buffer as at the first date of each period under the New Minibus Leasing Agreement is the present value of the future lease payments discounted by rate as the lower rate of (i) latest available Hibor Rate in Hong Kong plus 1.8%; or (ii) latest available Prime Lending Rate in Hong Kong minus 0.75% for the six months ending 31 March 2024, the year ending 31 March 2025, the year ending 31 March 2026 and the six months ending 30 September 2026, respectively. We considered the calculation approach using discounted cash flow approach is in line with the market practice and the discount rate using the latest available Hibor Rate and Prime Lending Rate in Hong Kong, the key interest rates in commercial practice, as reference are fair and reasonable. In addition, we considered taking the 10% expansion buffer into consideration for calculation to be fair and reasonable given that up to an aggregate of 312 PLBs will be available for lease (representing the number of PLBs available for lease during the term of the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request from the Group to the Owners pursuant to the New Minibus Leasing Agreement as a result of the increase in demand of minibus transportation during economic recovery after COVID-19 pandemic.

As disclosed in the "Letter from the Board", we note that the proposed annual cap for the six months ending 31 March 2024 is significantly higher than the proposed annual cap for the year ending 31 March 2025, the year ending 31 March 2026 and the six months ending 30 September 2026 since the Company intends to enter into the leasing agreements with most of the PLB(s) available for lease under the New Minibus Leasing Agreement during six months ending 31 March 2024. The annual caps are expected to decrease over time as only the additional value of the right-of-use assets in respect of PLBs would be recognised during the periods after the six months ending 31 March 2024. Since the Company intends to enter into the leasing agreements regarding most of the PLB(s) available for lease under the New Minibus Leasing Agreement during the period for the six months ending 31 March 2024 whereas annual caps on the right-of-use assets for the year ending 31 March 2025, the year ending 31 March 2026 and the six months ending 30 September 2026 are mainly based on the additional value of right-of use assets in respect of newer PLB(s) to replace older PLBs, the values of the right-of-use assets for the year ending 31 March 2025, the year ending 31 March 2026 and the six months ending 30 September 2026 would be expected to be relatively lower. Therefore, we considered the proposed annual cap for the six months ending 31 March 2024 is significantly higher than the proposed annual cap for the year ended 31 March 2025 to be fair and reasonable.

As advised by the Company, it is expected that the 16-seater PLBs will gradually be phased out and replaced by new 19-seater PLBs, therefore the Directors have fixed the annual caps on the right-of-use assets for the two years ending 31 March 2026 and the six months ending 30 September 2026 to be approximately HK$22.8 million, HK$14.0 million and HK$4.3 million, respectively.

The proposed annual caps in respect of the Monthly Administration Fee receivable under the New Minibus Leasing Agreement are as follows:

	For the 6 months ending 31 March 2024	**For the year ending 31 March 2025**	**For the year ending 31 March 2026**	**For the 6 months ending 30 September 2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Annual caps on the Monthly Administration Fee	1,307	2,615	2,615	1,307

With consideration to the following factors: (i) the expected fleet size of the Group during the term of the New Minibus Leasing Agreement; and (ii) 10% buffer to increase the fleet size, the Directors have fixed the annual cap on the Monthly Administration Fee to be approximately HK$1.3 million, HK$2.6 million, HK$2.6 million and HK$1.3 million for the six months ending 31 March 2024, the year ending 31 March 2025 and 31 March 2026 and the six months ending 30 September 2026, respectively. Taking into account of (i) the expected fleet size; (ii) the replacement of older 16-seater PLBs by new 19-seater PLBs; and (iii) 10% buffer to provide flexibility to meet unexpected circumstances, we are of the view that the New Annual Caps on the Monthly Administration Fee are fair and reasonable.

5. Conditions of the New Annual Cap

There are certain conditions of the annual cap pursuant to the Listing Rules, in particular, the restriction of the value of the Leasing Transactions by way of the annual cap for each period over the three years term of the New Minibus Leasing Agreement ending 30 September 2026 (i.e. the New Annual Cap) and the annual review by the Independent Non-Executive Directors of the terms of the Leasing Transactions and the New Annual Cap not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. In addition, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the Leasing Transactions are conducted in accordance with the New Minibus Leasing Agreement and that the New Annual Cap have not been exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the Independent Non-Executive Directors and/or its auditors will not be able to confirm the terms of the Leasing Transactions or the New Annual Cap not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the Leasing Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

(i) the background of and the reasons for the Leasing Transactions;

(ii) terms of the New Minibus Leasing Agreement will be conducted in the ordinary and usual course of business of the Group;

(iii) the rental rates under the New Minibus Leasing Agreement are not less favourable to the Group than the prevailing market rental rates as assessed by HG Appraisal and are therefore fair and reasonable, details of which are set out in the section headed "Principal terms of the New Minibus Leasing Agreement";

(iv) control procedures, including annual review by the Independent Non-Executive Directors and confirmation from the auditors of the Company in respect of the terms of the Leasing Transactions, are in place to monitor the terms and conditions of the Leasing Transactions; and

(v) the value of, and the basis for determining, the New Annual Cap are reasonable, details of which are set out in the section headed "Rationale for determining the annual cap for the Leasing Transactions".

Based on the above consideration, we are of the opinion that the New Minibus Leasing Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole, and the terms of the New Minibus Leasing Agreement and the New Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the ordinary resolution to approve the New Minibus Leasing Agreement and the New Annual Cap at the AGM.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Anderson Wong
Managing Director

Mr. Anderson Wong is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

1. DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF DIRECTORS, CHIEF EXECUTIVES AND SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

Directors' and Chief Executives' Interests in Shares

Directors' and chief executives' interests and short positions in the Shares and underlying Shares in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company 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 for Securities Transactions by Directors of Listed Issuers ("**Model Code**"), were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Capacity	Nature of Interest	Nature of ordinary Shares held	Number of underlying Shares held in respect of the Share options *(note d)*	Total	Approximate percentage of shareholding
Mr. Vincent Wong *(Notes a & b)*	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.28%
	Beneficial owner	Personal	34,664,900	–	34,664,900	12.74%
	Spouse of Ms. Loo Natasha Christie	Family	352,000	–	352,000	0.13%
	Father of Mr. Chace Wong	Family	6,651,200	–	6,651,200	2.44%
	Father of Mr. Wong Tin Yue, Noah	Family	2,000,000	–	2,000,000	0.74%
	Father of Miss Wong Tin Lam, Olivia	Family	2,000,000	–	2,000,000	0.74%
Ms. Ng *(note a)*	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.28%
	Beneficial owner	Personal	13,725,900	–	13,725,900	5.04%
Mr. Chan Man Chun	Beneficial owner	Personal	3,539,500	–	3,539,500	1.30%
	Spouse of Ms. Chan Lai Ling	Family	220,000	–	220,000	0.08%

Name of Director	Capacity	Nature of Interest	Nature of ordinary Shares held	Number of underlying Shares held in respect of the Share options *(note d)*	Total	Approximate percentage of shareholding
Ms. Maya Wong *(Note a)*	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.28%
	Beneficial owner	Personal	5,682,600	–	5,682,600	2.08%
Ms. Vivian Wong *(Notes a & c)*	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.28%
	Beneficial Owner	Personal	2,325,600	–	2,325,600	0.85%
	Mother of Miss Au Tze Yu	Family	2,200,000	–	2,200,000	0.80%
	Mother of Mr. Au Chun Hay, Davis	Family	2,000,000	–	2,000,000	0.74%
Dr. Chan Yuen Tak Fai Dorothy	Beneficial owner	Personal	588,000	–	588,000	0.21%
Mr. Kwong Ki Chi	Beneficial owner	Personal	588,000	–	588,000	0.21%

Notes:

(a) As at the Latest Practicable Date, a total of 117,677,000 ordinary Shares were held by Skyblue, which is a wholly owned subsidiary of Metro Success. Metro Success is a wholly owned subsidiary of JETSUN, which is wholly owned by the Trustee (as trustee of The JetSun Trust). The JetSun Trust is a discretionary trust, and its discretionary objects include Mr. Vincent Wong, Ms. Ng and Ms. Maya Wong, Ms. Vivian Wong and Ms. Cecilia Wong.

(b) As at the Latest Practicable Date, Mr. Vincent Wong held 6,651,200, 2,000,000 and 2,000,000 ordinary Shares as trustee for the benefit of his sons Mr. Chace Wong (a minor), Mr. Wong Tin Yue, Noah (a minor) and Miss. Wong Tin Lam, Olivia (a minor) respectively.

(c) As at the Latest Practicable Date, Ms. Vivian Wong held 2,200,000 and 2,000,000 ordinary Shares as trustee for the benefit of her children Miss Au Tze Yu (a minor) and Mr. Au Chun Hay Davis (a minor) respectively.

(d) The share options granted by the Company are physically settled equity derivatives.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their associates have 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.

Share Options

On 30 August 2013, the Company terminated the share option scheme adopted on 22 March 2004 ("**2004 Scheme**") and adopted a new share option scheme ("**2013 Scheme**") on the same date pursuant to which the eligible persons may be granted options to subscribe for Shares upon and subject to a maximum number of Shares available for issue under options, which if granted thereunder is 26,612,500, representing 10% of the issued Shares as at 30 August 2013, the date of approval of the 2013 Scheme. The subscription price determined by the Board shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (which must be a trading day); (ii) the average closing price of the 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 Shares.

As of the Latest Practicable Date, there were no share options granted and outstanding under the 2004 Scheme.

Details of the outstanding share options of the Company as at the Latest Practicable Date are as follows:

Name of grantees	Date of grant (d/m/y) *(note a)*	Number of Share option granted	Period during which rights are exercisable (d/m/y)	Exercise price per Share option *(HK$)*	Outstanding as at the Latest Practicable Date
Continuous Contract Employees:					
In aggregate	23/9/2015	3,096,000	23/9/2015-22/9/2025	1.25	2,339,000
Total all categories					2,339,000

Notes:

(a) The share options granted on 23 September 2015 were granted under the 2013 Scheme.

(b) The closing price of each Share immediately before the date of grant of 23 September 2015 was HK$1.25.

(c) All outstanding share options were vested immediately on the date of grant.

Substantial Shareholders

As at the Latest Practicable Date, the following persons (other than the Directors) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of the Shareholders		Number of Shares/ underlying Shares held	Percentage to the total number of issued Shares
The Trustee	*(Note a)*	133,077,000	48.94%
JETSUN	*(Note a)*	117,677,000	43.28%
Metro Success	*(Note a)*	117,677,000	43.28%
Skyblue	*(Note a)*	117,677,000	43.28%
SIHL	*(Note b)*	14,850,000	5.46%
SCL	*(Note b)*	14,850,000	5.46%

Notes:

(a) As at the Latest Practicable Date, a total of 117,677,000 Shares were held by Skyblue, a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is wholly owned by the Trustee (as trustee of The JetSun Trust). The JetSun Trust is a discretionary trust, and its discretionary objects include Mr. Vincent Wong, Ms. Ng and Ms. Maya Wong, Ms. Vivian Wong and Ms. Cecilia Wong.

(b) As at the Latest Practicable Date, 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 the Trustee.

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 or the chief executive officer) having an interest or a short position in the Shares and/or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at the Latest Practicable Date.

2. EXPERTS

(a) The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualification
Messis Capital Limited	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
HG Appraisal & Consulting Limited	Registered professional surveyors and business valuers

(b) To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, none of the aforesaid experts had any shareholding in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, each of the aforesaid experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or valuation report dated 28 July 2023 and 1 June 2023 respectively (as the case may be) and/or any statements made therein (which were made by the relevant expert for incorporation into this circular) and references to its name in the form and context in which they are included.

(d) To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, none of the aforesaid experts had any interest (direct or indirect) in any assets which had been, since 31 March 2023 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2023 (the date to which the latest audited financial statements of the Group were made up) up to the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors has service contract with any member of the Group which is not expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS/ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, Ms. Ng, Mr. Vincent Wong and Ms. Maya Wong, all being Executive Directors, and Ms. Vivian Wong, being the Non-Executive Director (together with the Wong Family), were indirectly interested in:

(i) the Original Minibus Leasing Agreement entered into between the Lessee as lessee and the Owners as lessors. The lessors are beneficially owned and controlled by the major Shareholders, the Wong Family. The aggregate rentals for the lease of PLBs paid by the Lessee to the Owners (after deducting the Monthly Administration Fee of HK$700 per PLB per month) under the Original Minibus Leasing Agreement for the three months ended 30 June 2023 since 31 March 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up) was HK$15,706,000; and

(ii) a property rental agreement entered into between a wholly-owned subsidiary of the Company and Maxson. The rental amount paid by the wholly-owned subsidiary to Maxson was HK$18,000 for the three months ended 30 June 2023 since 31 March 2023.

Save as disclosed above, as at the Latest Practicable Date: (i) none of the Directors had any direct or indirect interest in any assets acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2023, the date to which the latest published audited consolidated financial statements of the Group were made up; and (ii) there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as at the Latest Practicable Date.

6. COMPETING INTERESTS

The Directors are not aware that any Director or any proposed Director or his respective close associates had, as at the Latest Practicable Date, any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules.

7. GENERAL

(a) The share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited of Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(b) As at the Latest Practicable Date, the Board comprised Ms. Ng, Mr. Vincent Wong, Mr. Chan Man Chun and Ms. Maya Wong as Executive Directors, Ms. Vivian Wong as Non-Executive Director, and Dr. Chan Yuen Tak Fai Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong as Independent Non-Executive Directors.

(c) The secretary of the Company is Ms. Wong Ka Yan. Ms. Wong Ka Yan is the fellow member of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute.

(d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.amspt.com) for a period of not less than 14 days from the date of this circular up to and including the date of the AGM:

(a) the Original Minibus Leasing Agreement, which is also the contract referred to in paragraph 5 of this Appendix;

(b) the New Minibus Leasing Agreement;

(c) the letter from the Independent Board Committee, the text of which is set out in Appendix III to this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out in Appendix IV to this circular; and

(e) the written consent of the experts referred to in paragraph 2 of this Appendix.

AMS PUBLIC TRANSPORT HOLDINGS LIMITED
進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 77)

NOTICE IS HEREBY GIVEN that an annual general meeting ("**AGM**") of AMS Public Transport Holdings Limited ("**Company**") will be held at Rooms 1303–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 22 August 2023, Tuesday at 11:00 a.m. for the purpose of transacting the following business:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors ("**Director(s)**") and auditors of the Company for the year ended 31 March 2023;

2. To declare a final dividend for the year ended 31 March 2023;*Note 4*

3. (a) To re-elect Mr. Chan Man Chun as Executive Director;

   (b) To re-elect Ms. Wong Wai Sum, Maya as Executive Director;

   (c) To re-elect Mr. Kwong Ki Chi as Independent Non-Executive Director;

   (d) To authorise the board of Directors to fix their remuneration for the ensuing year;

4. To re-appoint the retiring auditors, Grant Thornton Hong Kong Limited, and authorise the board of Directors to fix their remuneration;

5. To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolutions:

   (a) "**THAT**:

   (1) a general mandate be and is hereby unconditionally given to the board of Directors of the Company during the Relevant Period (as defined below) to issue, allot or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power ("**Issue Mandate**"), subject to the following conditions:

   (a) the Issue Mandate shall not extend beyond the Relevant Period save that the board of Directors of the Company may during the

Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and

(b) the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the board of Directors of the Company pursuant to the Issue Mandate, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (iii) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue of options to subscribe for or rights to acquire shares in the Company to employees of the Company and/or any of its subsidiaries; or (iv) any scrip dividend or other similar scheme implemented in accordance with the Memorandum and Articles of Association of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution; and

(2) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Memorandum and Articles of Association or any applicable laws of the Cayman Islands to be held; and

(c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the board of Directors of the Company to holders of shares on its register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the board of Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong applicable to the Company).";

(b) "**THAT**:

(1) a general mandate be and is hereby unconditionally given to the board of Directors of the Company during the Relevant Period (as defined below) to exercise all powers of the Company to repurchase a maximum of 27,191,300 ordinary shares in the capital of the Company ("**Repurchase Mandate**"), subject to the following conditions:

(a) the exercise of all powers pursuant to the Repurchase Mandate shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other applicable stock exchange; and

(b) the aggregate nominal amount of shares in the share capital of the Company which may be purchased pursuant to the Repurchase Mandate shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution;

(2) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Memorandum and Articles of Association or any applicable laws of the Cayman Islands to be held; and

(c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."; and

(c) "**THAT** the Issue Mandate granted to the board of Directors of the Company pursuant to resolution 5(a) above be and is hereby extended to the aggregate nominal amount of shares in the capital of the Company repurchased pursuant to the exercise of the Repurchase Mandate in resolution 5(b) above, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution."

6. To consider and, if thought fit, to pass that the agreement ("**New Minibus Leasing Agreement**") dated 29 June 2023 and conditionally entered into between Maxson Transportation Limited, Hong Kong & China Transportation Consultants Limited and Big Three Limited as owners and Gurnard Holdings Limited (a wholly-owned subsidiary of the Company) as lessee in relation to, among other things, the leasing of public light buses for a term of 3 years from 1 October 2023 to 30 September 2026 (both days inclusive), a copy of which has been produced to the meeting marked "A" and has been initialled by the Chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved, and that any one Director of the Company be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such other documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company's seal to the relevant documents) to carry into effect or to give effect to the New Minibus Leasing Agreement and all transactions contemplated thereunder; and

7. To consider and, if thought fit, to pass that the New Annual Caps (such term shall have the meaning as defined in the circular to the shareholders of the Company dated 28 July 2023 be and is hereby approved and that any one Director be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company's seal to the relevant documents) in connection therewith.

By order of the Board
AMS Public Transport Holdings Limited
Wong Ling Sun, Vincent
Chairman

Hong Kong, 28 July 2023

Notes:

(1) A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies (if the member holds two or more shares) to attend and vote in his stead. A proxy need not be a member of the Company.

(2) To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's Hong Kong share registrar and transfer office (the "**Registrar**"), Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude a member from attending in person and voting at the AGM if the member so desires.

(3) For the purposes of determining members' eligibility to attend, speak and vote at the AGM (or at any adjournment of it), and entitlement to the final dividend, the register of members of the Company will be closed as set out below:

(i) For determining eligibility to attend, speak and vote at the AGM:

Latest time to lodge transfer documents for registration with the Company's Registrar	At 4:00 p.m. on Wednesday, 16 August 2023
Closure of register of members	Thursday, 17 August 2023 to Tuesday, 22 August 2023 (both dates inclusive)
Record date	Tuesday, 22 August 2023

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration with the Company's Registrar	At 4:00 p.m. on Thursday, 31 August 2023
Closure of register of members	Friday, 1 September 2023 to Wednesday, 6 September 2023 (both days inclusive)
Record date	Wednesday, 6 September 2023

During the above closure periods, no transfer of shares will be registered. To be eligible to attend, speak and vote at the AGM (or at any adjournment of it), and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than the aforementioned latest time.

(4) If approved, cheques for the final dividend will be payable on Thursday, 14 September 2023.

(5) As at the date of this notice, the Executive Directors of the Company are Mr. Wong Ling Sun, Vincent (*Chairman*), Ms. Ng Sui Chun, Mr. Chan Man Chun (*Chief executive officer*) and Ms. Wong Wai Sum, Maya, the Non-Executive Director is Ms. Wong Wai Man, Vivian, and the Independent Non-Executive Directors are Dr. Chan Yuen Tak Fai, Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong.