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**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.

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**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) PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
(2) 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 Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 29 August 2017, 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.

19 July 2017

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 29 August 2017, 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
“Articles of Association”	the articles of association of the Company
“associates”	shall have the meaning as prescribed under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“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 50% by Mr. Wong and 50% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong, and Ms. Vivian Wong
“Board”	the board of Directors
“Business Day”	the day on which the Stock Exchange is open for the business of dealing in securities
“BVI”	the British Virgin Islands
“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“Company”	AMS Public Transport Holdings Limited, 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)
“Connected person”	has the same meaning as ascribed to it under the Listing Rules

## DEFINITIONS

“Controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive Director(s) of the Company
“Fifth Original Minibus Leasing Agreement”	the leasing agreement dated 23 June 2014 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of PLBs to the Lessee for a term from 1 October 2014 to 30 September 2017
“First Original Minibus Leasing Agreement”	the leasing agreement dated 22 March 2004 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of PLBs to the Lessee for a term from 1 April 2003 to 31 March 2006
“Fourth Original Minibus Leasing Agreement”	the leasing agreement dated 16 February 2012 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 April 2012 to 30 September 2014
“Glory Success”	Glory Success Transportation Limited (捷匯運輸有限公司), a company incorporated in Hong Kong and previously wholly owned by the Wong Family
“Green Minibus(es)”	minibus(es) licensed to carry a maximum number of 16 passengers (19 passengers with effect from 7 July 2017) 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
“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. May Wong and Ms. Vivian Wong
“HKMB”	Hong Kong Metropolitan Bus Limited (香港都會巴士有限公司), a company incorporated in Hong Kong and previously wholly owned by the Wong Family
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

## DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising the Independent Non-Executive Directors, namely Dr. Lee Peng Fei Allen, Dr. Chan Yuen Tak Fai Dorothy and Mr. Kwong Ki Chi
“Independent Financial Adviser”	VMS Securities Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the New Minibus Leasing Agreement and the New Annual Cap and is a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purpose of the SFO
“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 resolution pursuant to the Listing Rules
“JETSUN”	JETSUN UT Company (PTC) Limited, a company incorporated in the BVI and the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining unit is owned by Mr. Vincent Wong
“Latest Practicable Date”	13 July 2017, 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. May 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

## DEFINITIONS

“Monthly Administration Fee”	the monthly administration fee payable by the Owners to the Lessee for administration services provided by the Lessee in arranging on behalf of the Owners for mainly the following services: taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased by the Owners to the Lessee
“Mr. Vincent Wong”	Mr. Wong Ling Sun, Vincent, an Executive Director and the chairman of the Board and the son of Mr. Wong and Ms. Ng
“Mr. Wong”	Mr. Wong Man Kit, an 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. May Wong”	Ms. Wong Wai Sum, May, 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 daughter of Mr. Wong and Ms. Ng
“New Annual Cap”	shall have the meaning as more particularly stated in the section headed “New Annual Cap” of the letter from the Board in this circular
“New Minibus Leasing Agreement”	the leasing agreement dated 29 June 2017 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
“Original Owners”	refers to:  i. Maxson, Glory Success and HKCT insofar as the First Original Minibus Leasing Agreement, the Second Original Minibus Leasing Agreement, the Third Original Minibus Leasing Agreement and the Fourth Original Minibus Leasing Agreement are concerned; and

## DEFINITIONS

- ii. Maxson, Glory Success, HKCT, Big Three and HKMB insofar as the Fifth Original Minibus Leasing Agreement is concerned

“Owners”	Maxson, HKCT and Big Three
“PLB(s)”	minibus(es) licensed to carry a maximum of 16 passengers (19 passengers with effect from 7 July 2017) in Hong Kong that are owned by the Owners and leased to the Lessee under the New Minibus Leasing Agreement
“Prospectus”	the prospectus of the Company dated 30 March 2004
“Second Original Minibus Leasing Agreement”	the leasing agreement dated 8 February 2006 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 April 2006 to 31 March 2009
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiary(ies) for the time being of the Company within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“The JetSun Trust”	The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are members of the Wong Family (excluding Mr. Wong)
“Third Original Minibus Leasing Agreement”	the leasing agreement dated 18 February 2009 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 April 2009 to 31 March 2012
“Trustee”	HSBC International Trustee Limited
“Vigers”	Vigers Appraisal & Consulting Limited, registered professional surveyors and business valuers

## DEFINITIONS

“Wong Family”	Mr. Wong, Ms. Ng and their son, Mr. Vincent Wong, and their daughters Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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*)  
Mr. Wong Man Kit (*Honorary chairman*)  
Ms. Ng Sui Chun  
Mr. Chan Man Chun (*Chief Executive Officer*)  
Ms. Wong Wai Sum, May

*Independent Non-Executive Directors:*

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

*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

19 July 2017

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
(2) 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 Cap.

## LETTER FROM THE BOARD

### RE-ELECTION OF DIRECTORS

Pursuant to Articles 86(3) and 87(1) of the Articles of Association, Mr. Wong Ling Sun, Vincent and Mr. Chan Man Chun, being the Executive Directors, and Mr. Kwong Ki Chi, being an 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.

### GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 29 August 2016, 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 53,233,600 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 26,616,800 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.

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.

## LETTER FROM THE BOARD

### CONTINUING CONNECTED TRANSACTIONS — MINIBUS LEASING AGREEMENT

It was announced by the Company on 29 June 2017 that the Owners and the Lessee had entered into the New Minibus Leasing Agreement on 29 June 2017.

Reference is made to the sub-section headed “Continuing connected transactions” under the section headed “Business” of the Prospectus in relation to, among other things, the First Original Minibus Leasing Agreement.

The Group has been deploying the PLBs leased from the Owners. The First Original Minibus Leasing Agreement was entered into between the Original Owners and the Lessee to formalise the leasing arrangements of the PLBs on 22 March 2004 which took effect on 1 April 2003 and continued until 31 March 2006.

The Original Owners and the Lessee entered into the Second Original Minibus Leasing Agreement on 8 February 2006 to renew such leasing arrangements for another 3 years from 1 April 2006 to 31 March 2009.

The Original Owners and the Lessee then entered into the Third Original Minibus Leasing Agreement on 18 February 2009 to further renew such leasing arrangements for another 3 years from 1 April 2009 to 31 March 2012.

The Original Owners and the Lessee further entered into the Fourth Original Minibus Leasing Agreement on 16 February 2012 to renew such leasing arrangements for another 2.5 years from 1 April 2012 to 30 September 2014.

The Original Owners and the Lessee further entered into the Fifth Original Minibus Leasing Agreement on 23 June 2014 to renew such leasing arrangements for another 3 years from 1 October 2014 to 30 September 2017.

As a result of restructuring by the Wong Family, as at the Latest Practicable Date, Maxson, HKCT and Big Three remained as the owners of the PLBs.

As the Fifth Original Minibus Leasing Agreement will soon expire, the Owners and the Lessee entered into the New Minibus Leasing Agreement on 29 June 2017 based on the terms and conditions of the Fifth Original Minibus Leasing Agreement with a view to renewing the leasing arrangements for another term of 3 years running from 1 October 2017 to 30 September 2020.

The transactions under the New Minibus Leasing Agreement constitute non-exempt continuing connected transactions of the Group pursuant to the Listing Rules. Accordingly, the New Minibus Leasing Agreement and the New Annual Cap are subject to reporting, announcement, the approval of Independent Shareholders at the AGM and annual review. The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the terms of the New Minibus Leasing Agreement and the New Annual Cap, and VMS Securities Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

## LETTER FROM THE BOARD

### DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

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

Date: 29 June 2017

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 2017 to 30 September 2020, 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 in accordance with the following benchmark table (“**Benchmark Table**”):

Class	Age	Daily rental payable under the New Minibus Leasing Agreement	Daily rental payable under the Fifth Original Minibus Leasing Agreement	Daily rental payable under the Fourth Original Minibus Leasing Agreement	Daily rental payable under the Third Original Minibus Leasing Agreement	Daily rental payable under the Second Original Minibus Leasing Agreement	Daily rental payable under the First Original Minibus Leasing Agreement
		(note 1)	(note 1)	(note 1)	(note 1)	(note 1)	(note 1)
1	2 years or below	HK\$750	HK\$780	HK\$800	HK\$740	HK\$740	HK\$740
2	Over 2 years	HK\$610	HK\$680	HK\$700	N/A	N/A	N/A
3 (note 2)	Over 2 years but within 5 years	N/A	N/A	N/A	HK\$630	HK\$630	HK\$630
4 (note 2)	Over 5 years but within 7 years	N/A	N/A	N/A	HK\$480	HK\$480	HK\$480
5 (note 2)	Over 7 years	N/A	N/A	N/A	HK\$460	HK\$460	HK\$460

*note 1:* The daily rental includes vehicle license fees and insurance premium.

## LETTER FROM THE BOARD

*note 2:* Since the Fourth Original Minibus Leasing Agreement, Classes 3 to 5 have been consolidated into a single Class 2 in which a uniform daily rental rate applies. The reason for such consolidation is that there is in practice no significant difference in the rental rates of minibuses among different age groups in the market, except owners generally tend to charge higher rentals for newer minibuses and lessees generally tend to be willing to pay a slightly higher rental rate for newer minibuses as the repairing costs for such minibuses are usually lower.

Benchmark  
Table:

The rentals in respect of each PLB will be reduced during the lease period by reference to the age of each 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. The management of the Company 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 lower than the contract rental in the Benchmark Table thereby warranting the need of adjustment to the Benchmark Table. 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 (currently intended to be Vigers Appraisal & Consulting Limited) 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.

*note 1:* Vigers Appraisal & Consulting Limited is qualified as registered professional surveyors and business valuers. Its person-in-charge of the subject valuation work Raymond K. K. Ho, Chartered Surveyor, MRICS, MHKIS, MSc(e-com), China Real Estate Appraiser, has over twenty-seven years' experience in undertaking valuations of properties in Hong Kong, has over twenty years' experience in undertaking valuations of properties in the PRC, Macau, Taiwan and Asia-Pacific region, and has over ten years' experience in business valuation.

Additional  
seats:

In case of a change in the laws in Hong Kong resulting in an increase in the permitted number of passengers in PLBs, the Owners and the Lessee shall promptly negotiate in good faith regarding the arrangement for installation of additional seats and any related refitting to the PLBs so that the maximum carrying capacity can be achieved, and the costs of such installation shall be borne solely by the relevant Owners.

## LETTER FROM THE BOARD

Within twelve months from the date on which such change in laws shall take effect, or six months from the date on which such installation of additional seats and related refitting to the first batch of PLBs are completed after such change in laws has taken effect (whichever is the earlier), the Lessee and the Owners shall jointly appoint an independent valuer at the cost of the Lessee to assess the prevailing market rentals for the PLBs as refitted by the Owners and the Benchmark Table shall be adjusted according to such prevailing market rentals as assessed by the independent valuer, whose decision shall be final and conclusive. The Benchmark Table as adjusted shall apply with retrospective effect from the first day on which the PLBs with such additional seats and related refitting installed are available for use by the Lessee.

The Hong Kong Government recently gazetted on 7 April 2017 the Road Traffic (Amendment) Bill 2017 to amend the Road Traffic Ordinance (Cap. 374, Laws of Hong Kong) to increase the maximum passenger seating capacity of minibuses from 16 to 19. This bill has been passed by the legislative council on 28 June 2017, and the new law will come into effect on 7 July 2017. Accordingly, there will be upward adjustment to the market rentals payable by the Group under the Benchmark Table as necessitated by the installation of additional seats to the PLBs as permitted by the new law.

Number of  
PLBs:

277 PLBs.

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 provided that the rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table and provided always that 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 305 (representing the original number of PLBs subject to the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee.

*note:* as at the Latest Practicable Date, there were 277 PLBs leased by the Owners to the Lessee under the Fifth Original Minibus Leasing Agreement, and their average age was 8.61 years

## LETTER FROM THE BOARD

- 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, 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 covering at least third party risks, 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 the fees and expenses 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. 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.

## LETTER FROM THE BOARD

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) Mr. Wong, Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May 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 the terms of the New Minibus Leasing Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Under the New Minibus Leasing Agreement, the rentals of the PLBs have decreased as compared to the Fifth Original Minibus Leasing Agreement. Such rentals are determined with reference to the average rentals of Green Minibuses prevailing in the market and the overall economic environment.

In this connection, the Company has appointed Vigers to appraise the average rentals prevailing in the market for the PLBs. The valuation report of Vigers shows that the prevailing market daily rental for minibuses with the age of two years or below is HK\$750, which is in line with the daily rental for the same category set under the Benchmark Table adopted for the New Minibus Leasing Agreement. As for minibuses with the age of over two years, the daily rental level under the Benchmark Table adopted for the New Minibus Leasing Agreement (being HK\$610) is slightly lower than the prevailing market daily rental for the same type as indicated in the valuation report of Vigers (being HK\$613). As the Group has a good credibility and the subject matter is about leasing of a large quantity of PLBs, the Lessee has successfully agreed with the Owners on such slight decrease in rental.

To the best of the knowledge, information and belief of, and having made all reasonable enquiries by, the Board, Vigers 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 Vigers was carried out on a market value basis and the market approach was adopted in its appraisal.



## LETTER FROM THE BOARD

*note:* “Market value” is defined as “the estimated amount for which an asset of liability should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

With respect to the appraisal, Vigers 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 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 asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

As explained by Vigers in its valuation report, the market approach was adopted since the cost approach, which accounts for the replacement cost of an asset, has limitations in determining the market value of the rental payment for the lease of minibuses. As for the income approach, it may be a means to estimate the required monthly income that could justify the market return to the value of the minibus licence, but it does not rely on directly observable market data that could provide an indication on rental prevailing on the lease of minibuses on the market data that could provide an indication on rental prevailing on the lease of minibuses on the market. Therefore, Vigers 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 (“**Minibus Leasing Market**”) that provides observable market rental;
- the market transaction provides direct indication on the dollar amount of rental payment without the use of guesstimated market return or licence value to determine the required rental income; and
- the data from the Minibus Leasing Market, as collected from market participants, are comparable and demonstrate a reasonable range.

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

## **LETTER FROM THE BOARD**

Vigers' survey on the daily rental reflects the actual market transaction and provides strong evidence on the market rentals of the PLBs. In conducting the appraisal, Vigers 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 operation of PLBs under concern; (ii) the market position and the competitiveness of the Company do not change significantly during the period Vigers conducted interviews; (iii) there will be no uncontrollable factor in short term which could adversely affect the Company and its business; and (iv) the market trend and conditions for the minibus 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 market participants selected by Vigers are fair and representative comparables to assess the daily rentals under the Benchmark Table.

As such, 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 Vigers and the Independent Financial Adviser; (ii) the prevailing economic environment; (iii) the fact that such rentals are comparable to the prevailing market rate rentals; and (iv) the support of the PLBs rendered to the Group.

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 is in the interests of the Group and the Shareholders as a whole.

### **REASONS FOR AND BENEFITS OF THE NEW MINIBUS LEASING AGREEMENT**

As disclosed in the Prospectus, the Directors consider that the use of more leased 16-seated minibuses for use as Green Minibuses will strengthen the Group's role as a Green Minibus routes operator instead of as an investor in 16-seated 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.

## LETTER FROM THE BOARD

### ORIGINAL ANNUAL CAPS

The original annual caps for the amount payable by the Lessee to the relevant Original Owners under the First Original Minibus Leasing Agreement, the Second Original Minibus Leasing Agreement, the Third Original Minibus Leasing Agreement, the Fourth Original Minibus Leasing Agreement and the Fifth Original Minibus Leasing Agreement are illustrated in the following table:

<b>Agreement</b>	<b>Original Annual Cap</b>
(i) the First Original Minibus Leasing Agreement	HK\$60,000,000 for each of the three financial years from 1 April 2003 to 31 March 2006
(ii) the Second Original Minibus Leasing Agreement	HK\$74,000,000 for each of the three financial years from 1 April 2006 to 31 March 2009
(iii) the Third Original Minibus Leasing Agreement	HK\$66,700,000 for each of the three financial years from 1 April 2009 to 31 March 2012
(iv) the Fourth Original Minibus Leasing Agreement	HK\$83,119,000 for each of the first two financial years from 1 April 2012 to 31 March 2014, and HK\$43,099,000 for the remaining six months from 1 April 2014 to 30 September 2014
(v) the Fifth Original Minibus Leasing Agreement	HK\$36,620,000 for the first six months ended 31 March 2015, HK\$74,308,000 for each of the two subsequent financial years ended 31 March 2016 and 2017 respectively, and HK\$37,563,000 for the last six months ending 30 September 2017

## LETTER FROM THE BOARD

The annual rentals paid by the Lessee to the relevant Original Owners for each financial year ended 31 March since 2004, after deduction of the Monthly Administration Fee of HK\$700 per PLB, are as follows:

	<b>Rentals paid by the Lessee to the relevant Original Owners</b> <i>HK\$'000</i>
Year ended 31 March 2004 ( <i>audited</i> )	41,231
Year ended 31 March 2005 ( <i>audited</i> )	44,935
Year ended 31 March 2006 ( <i>audited</i> )	49,987
Year ended 31 March 2007 ( <i>audited</i> )	51,447
Year ended 31 March 2008 ( <i>audited</i> )	53,650
Year ended 31 March 2009 ( <i>audited</i> )	54,104
Year ended 31 March 2010 ( <i>audited</i> )	52,277
Year ended 31 March 2011 ( <i>audited</i> )	50,712
Year ended 31 March 2012 ( <i>audited</i> )	47,663
Year ended 31 March 2013 ( <i>audited</i> )	68,697
Year ended 31 March 2014 ( <i>audited</i> )	68,794
Year ended 31 March 2015 ( <i>audited</i> )	67,897
Year ended 31 March 2016 ( <i>audited</i> )	67,260
Year ended 31 March 2017 ( <i>audited</i> )	67,817
Three months ended 30 June 2017 ( <i>unaudited</i> )	17,203

It is expected that the rentals paid or payable to the Original Owners for the last six months ending 30 September 2017 under the Fifth Original Minibus Leasing Agreement will not exceed the annual cap being HK\$37,563,000 for the same period.

### **NEW ANNUAL CAP**

The Directors estimate that under the New Minibus Leasing Agreement (1) the rentals payable by the Lessee to the Owners for the first six months ending 31 March 2018 will not exceed HK\$33,412,000; (2) the rentals payable for the financial year ending 31 March 2019 will not exceed HK\$73,200,000; (3) the rentals payable for the financial year ending 31 March 2020 will not exceed HK\$78,780,000; and (4) the rentals payable for the last six months ending 30 September 2020 will not exceed HK\$41,410,000. Such figures have been arrived at by reference to the daily rentals of the PLBs payable in accordance with the Benchmark Table, the expected fleet size, and the demand of leased PLBs. After deduction of the Monthly Administration Fee of HK\$700 per PLB, the Directors estimate that the rentals payable under the New Minibus Leasing Agreement (1) will not exceed HK\$32,249,000 for the first six months ending 31 March 2018; (2) will not exceed HK\$70,873,000 for the financial year ending 31 March 2019; (3) will not exceed HK\$76,453,000 for the financial year ending 31 March 2020; and (4) will not exceed HK\$40,247,000 for the last six months ending 30 September 2020.

## LETTER FROM THE BOARD

The Directors consider that a 10% buffer on such estimated amounts of rentals of the PLBs payable by the Group (after deduction of the Monthly Administration Fee of HK\$700 per PLB) is necessary as it provides flexibility for the Group to meet unexpected circumstances, including the replacement of older PLBs by new PLBs, addition of PLBs to be leased and any possible adjustment to the market rentals payable by the Group 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.

Having taken into account the 10% buffer, the Directors expect that the rentals payable under the New Minibus Leasing Agreement (after deduction of the Monthly Administration Fee of HK\$700 per PLB), (1) will not exceed HK\$35,473,000 for the first six months ending 31 March 2018; (2) will not exceed HK\$77,960,000 for the financial year ending 31 March 2019; (3) will not exceed HK\$84,099,000 for the financial year ending 31 March 2020; and (4) will not exceed HK\$44,271,000 for the last six months ending 30 September 2020 (collectively, “**New Annual Cap**”).

The table below illustrates the estimated rentals payable under the New Minibus Leasing Agreement (after deduction of the Monthly Administration Fee of HK\$700 per PLB) in different periods calculated based on the expected numbers of 16-seater minibuses and 19-seater minibuses to be leased for use according to the Company’s business plan to progressively replace the existing 16-seater minibuses with 19-seater minibuses, and also taking into account the projected replacement of older PLBs by new PLBs.

	Daily rental (as per the Benchmark Table/ estimated new daily rental)	6 months	Year ended	Year ended	6 months
		ended 31 March 2018	31 March 2019	31 March 2020	ended 30 September 2020
Expected number of total leased 16-seater PLBs as at period/year end		231	117	48	15
Expected number of total leased 19-seater PLBs as at period/year end		46	160	229	262
		<u>277</u>	<u>277</u>	<u>277</u>	<u>277</u>
	<i>HK\$</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For 16-seater PLBs in operation					
2 years or below	750	8,280	3,386	—	—
Over 2 years	610	21,592	33,622	17,697	3,124
		----- 29,872	----- 37,008	----- 17,697	----- 3,124
For 19-seater PLBs in operation <sup>(Note 1)</sup>					
2 years or below	890	3,540	33,146	46,994	28,668
Over 2 years	720	—	3,046	14,089	9,618
		----- 3,540	----- 36,192	----- 61,083	----- 38,286

## LETTER FROM THE BOARD

	6 months ended 31 March 2018 <i>HK\$'000</i>	Year ended 31 March 2019 <i>HK\$'000</i>	Year ended 31 March 2020 <i>HK\$'000</i>	6 months ended 30 September 2020 <i>HK\$'000</i>
Estimated rentals payable by the Group to the Owners before administration fee income	33,412	73,200	78,780	41,410
Estimated annual administration fee income	<u>(1,163)</u>	<u>(2,327)</u>	<u>(2,327)</u>	<u>(1,163)</u>
Estimated net rental payable by the Group to the Owners after administration fee	<u>32,249</u>	<u>70,873</u>	<u>76,453</u>	<u>40,247</u>
Estimated net rentals payable by the Group to the Owners with 10% buffer (New Annual Cap)	<u>35,473</u>	<u>77,960</u>	<u>84,099</u>	<u>44,271</u>

*Note 1:* The estimated rentals for 19-seater PLBs are calculated with reference to the Benchmark Table applicable to the existing 16-seater PLBs on a pro-rata basis according to simple calculation method of average rentals per seat, as the valuation report on the market rentals for 19-seater PLBs is not currently available.

### INFORMATION ON THE GROUP AND THE OWNERS AND LISTING RULES IMPLICATIONS

The Group is principally engaged in the operation of green minibus services in Hong Kong. The Owners 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. May 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 members of the Wong Family (excluding Mr. Wong). Since Mr. Vincent Wong, Ms. Ng and Ms. May 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.

Big Three is owned as to (i) 50% by Mr. Wong and (ii) 50% by Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. May Wong (as to 10%, 5%, 25%, 5% and 5% respectively). Mr. Wong, Mr. Vincent Wong, Ms. Ng and Ms. May Wong are Directors and thus connected persons of the Company. According to the Listing Rules, Big Three is an associate of Mr. Wong, Mr. Vincent Wong, Ms. Ng and Ms. May Wong and thus also a connected person of the Company.

## LETTER FROM THE BOARD

In light of the aforesaid, the transactions between the Owners (i.e. Maxson, HKCT and Big Three) and the Lessee under the New Minibus Leasing Agreement constitute continuing connected transactions of the Group. The transactions under the New Minibus Leasing Agreement and the New Annual Cap are subject to reporting, announcement and annual review requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, all being Executive 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 2017 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, (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 Cap 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](http://www.hkex.com.hk)) and the Company ([www.amspt.com](http://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.

## **LETTER FROM THE BOARD**

Skyblue Group Limited (“**Skyblue**”), holding 117,677,000 Shares, representing approximately 43.40% of the shareholding in the Company as at the Latest Practicable Date, and being a company interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust), as well as Mr. Wong (holding 23,256,000 Shares, representing approximately 8.57% of the shareholding in the Company), Ms. Ng (holding 12,981,300 Shares, representing approximately 4.78% of the shareholding in the Company), Mr. Vincent Wong (holding 25,362,500 Shares, representing approximately 9.35% of the shareholding in the Company), Ms. Cecilia Wong (holding 2,430,000 Shares, representing approximately 0.8% of the shareholding in the Company), Ms. May Wong (holding 3,357,000 Shares, representing approximately 1.23% of the shareholding in the Company) and Ms. Vivian Wong (holding 4,200,000 Shares, representing approximately 1.54% of the shareholding in the Company) (all of whom are members of the Wong Family and Shareholders) and their respective associates will 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 Cap. Ms. Loo Natasha Christie (the spouse of Mr. Vincent Wong), Mr. Wong Tin Yan, Chace and Mr. Wong Tin Yue, Noah (the sons of Mr. Vincent Wong) and Mr. Wong Man Chiu (the younger brother of Mr. Wong), all of whom are Shareholders, holding in aggregate 4,407,000 Shares representing approximately 1.62% of the shareholding in the Company as at the Latest Practicable Date, will also abstain from voting at the AGM on the same proposed resolutions.

### **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 the 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 Cap are fair and reasonable and the transactions thereunder are in the interests of the Group and the Shareholders as a whole. The recommendations and advice from the Independent Board Committee and the Independent Financial Adviser are set out in Appendix III and Appendix IV of this circular respectively.



## LETTER FROM THE BOARD

### 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. WONG LING SUN, VINCENT, MILT**

Mr. Vincent Wong, aged 42, is the Chairman and an Executive Director. Mr. Vincent Wong graduated from The University of Winnipeg with a Bachelor of Arts degree in economics. Prior to joining the Group, he worked for a large smart card system provider company in Hong Kong. He joined the Group in 2002 and has been responsible for monitoring the operation and internal control of the Group. As the Chairman, Mr. Vincent Wong is responsible for chairing and leading the Board in formulating the overall business strategies, monitoring the corporate development of the Group and maintaining good standard of corporate governance practices throughout the Group. Mr. Vincent Wong has been a member of the Chartered Institute of Logistics and Transport in Hong Kong since 2014. He was also an elected member of the Southern District Council from 2008 to 2015.

Mr. Vincent Wong is the son of Mr. Wong and Ms. Ng, the brother of Ms. May Wong and the nephew of Mr. Wong Man Chiu, who is the engineering manager of the Group. He was appointed as Executive Director of the Company on 16 October 2004. Before that, he was a Non-Executive Director of the Company. Mr. Vincent Wong was appointed as the vice chairman of the Board on 23 June 2014 and then appointed as the Chairman on 12 December 2014. Mr. Vincent Wong also holds directorships in all of the subsidiaries of the Company. He does not hold any other directorship in any other listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Vincent Wong was deemed to be interested in 117,677,000 Shares, representing 43.40% of the total issued Share capital of the Company, held by Skyblue under Part XV of the SFO as he is one of the beneficiaries of The JetSun Trust. Skyblue is a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. The JetSun Trust is a discretionary trust set up by Mr. Wong and its discretionary objects include Mr. Vincent Wong, Ms. Ng and Ms. May Wong. In addition, Mr. Vincent Wong is directly interested in 25,362,500 shares of the Company and has family interest of 4,352,000 shares of the Company, representing 9.35% and 1.60% of the total issued share capital of the Company respectively as at the Latest Practicable Date.

Mr. Vincent Wong entered into a service agreement with the Company for an initial term of three years from 16 October 2004 which shall continue thereafter until terminated by either party by serving on the other party not less than six months' notice in writing. He also entered into six supplemental service agreements with the Company subsequently. The amount of remuneration payable to Mr. Vincent Wong as set out in the supplemental service agreements is approximately HK\$910,000 per annum, which includes an annual fixed sum bonus equal to his one month's fixed director's fee. He 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 Mr. Vincent 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 Mr. Vincent Wong for the year ended 31 March 2017 was HK\$100,000. He 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 the aforesaid, Mr. Vincent Wong has no service agreement or proposed service agreement with any other members of the Group. The amount of the emoluments payable to Mr. Vincent Wong 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. Vincent Wong, 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. CHAN MAN CHUN, MBA**

Mr. Chan Man Chun, aged 53, is the Chief Executive Officer 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 implementation of the corporate strategy of the Group. He graduated from The Hong Kong Polytechnic University and holds a master degree in business administration (MBA) from Brighton University. Mr. Chan is a spokesperson of the Hong Kong Scheduled (GMB) Licensee Association. He is also a member of the Secretary for Home Affairs Major Sports Events Committee, a chairman of the Southern 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 and he also does not hold any directorships in any other listed companies in the last three years. He has no relationship with any Directors, senior management or substantial or controlling shareholders 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 1.30% and 0.08% 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 2017 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.

### **3. KWONG KI CHI, GBS, JP**

Mr. Kwong Ki Chi, aged 66, is currently an independent non-executive director of another listed company, Giordano International Limited. He had served in the Hong Kong government for 27 years and held positions principally in the economic and financial fields. Mr. Kwong was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Hong Kong government in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and chief executive and retired in April 2003. Since then, Mr. Kwong had served as managing director of Hsin Chong International Holdings Limited and Hongkong Sales (Int'l) Limited and as director of Macau Legend Development Limited. Besides, Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Hong Kong government. Mr. Kwong graduated from The University of Hong Kong with a bachelor of science degree in physics and mathematics and was awarded a master of philosophy degree in economics and politics of development by the University of Cambridge, England. He has been appointed as Independent Non-Executive Director since March 2011.

As at the Latest Practicable Date, Mr. Kwong was directly interested in 330,000 Shares, representing 0.12% of the total issued Share capital of the Company. He also personally held options to subscribe for 558,000 Shares as at the Latest Practicable Date. 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, which constitutes a service contract, with the Company for a term of up to three years until retirement under the Article of Association, which will be renewed for a term of three years upon each re-election. He is entitled to receive from the Company a director's emolument of HK\$336,000 per annum which is determined by the Board and its remuneration committee with reference to his duties and responsibilities within the Company. Apart from the foregoing, Mr. Kwong has not held any directorship in any other listed public companies in the last three years and has no relationship

with any Directors, senior management or substantial or controlling Shareholders of the Company. Other than being an Independent Non-Executive Director, Mr. Kwong does not hold any other positions in the Company or any of its subsidiaries.

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.

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\$27,109,700 divided into 271,097,000 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 27,109,700 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 Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (“Companies Law”). 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 Law, 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 Law, 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 2017, 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, a company incorporated in the British Virgin Islands and wholly owned by Metro Success, was interested in 117,677,000 Shares, representing 43.40% of the entire issued capital of the Company. Metro Success is wholly owned by JETSUN, which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee (as trustee of The JetSun Trust) and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. The discretionary objects of The JetSun Trust are Mr. Wong, Ms. Ng, Ms. Wong Wai Sze, Cecilia, Ms. May Wong and Ms. Wong Wai Man, Vivian.

Assuming that Skyblue (being the controlling shareholder 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 before such repurchase based on the issued share capital of the Company as at the Latest Practicable Date, being 43.40%, would be increased to approximately 48.23% 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 73.1% 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:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2016</b>		
July	1.55	1.36
August	1.48	1.37
September	1.44	1.32
October	1.52	1.40
November	1.47	1.40
December	1.55	1.39
<b>2017</b>		
January	1.55	1.42
February	1.55	1.38
March	1.55	1.45
April	1.53	1.49
May	1.55	1.46
June	1.68	1.48
July (up to the Latest Practicable Date)	1.60	1.52

## 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 (as defined in the Listing Rules) 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)**

19 July 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**MINIBUS LEASING AGREEMENT  
CONTINUING CONNECTED TRANSACTIONS****INTRODUCTION**

We refer to the circular dated 19 July 2017 (“**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 Cap 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 Cap.

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 Cap 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 23 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 recommendation to us regarding the terms of the New Minibus Leasing Agreement and the New Annual Cap with the principal factors and reasons for its advice and recommendation.

**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 Cap 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 Cap.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee  
**Dr. Lee Peng Fei Allen**  
**Dr. Chan Yuen Tak Fai Dorothy**  
**Mr. Kwong Ki Chi**  
*Independent Non-Executive Directors*

*The following is the text of the letter of advice from VMS Securities Limited to the Independent Board Committee regarding the New Minibus Leasing Agreement prepared for the purpose of inclusion in this circular.*



VMS Securities Limited  
49/F, One Exchange Square,  
8 Connaught Place,  
Central, Hong Kong

19 July 2017

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

Dear Sir/Madam,

## CONTINUING CONNECTED TRANSACTIONS

### INTRODUCTION

We refer to our appointment as 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 annual caps for the period from 1 October 2017 to 30 September 2020 are contained in the “Letter from the Board” of the circular to the Shareholders dated 19 July 2017 (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 2017 in respect of the New Minibus Leasing Agreement and the New Annual Cap.

As set out in the Company’s announcement of 29 June 2017, 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 2017 to 30 September 2020 (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 Rule 14A.34 of 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.

The Independent Board Committee comprising all Independent Non-Executive Directors, namely, Dr. Lee Peng Fei Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi, 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 2020. As the Independent Financial Adviser to the Independent Board Committees, our role is to give an independent opinion to the Independent Board Committees and the Independent Shareholders as to (i) whether 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) whether 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) whether the Independent Shareholders should vote in favour of the resolutions to approve the New Minibus Leasing Agreement at the AGM.

As at the Latest Practicable Date, we were independent from and not connected with the Group under Rule 13.84 of the Hong Kong Listing Rules, and accordingly, qualified to give the independent advice regarding the New Minibus Leasing Agreement and the transactions contemplated thereunder. Apart from 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 AND ASSUMPTIONS OF THE ADVICE**

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the Latest Practicable Date. We have assumed that all the opinions and representations for matters relating to the Company made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents to enable us to reach an informed view and to justify our reliance on the information provided so as to form a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or its Directors or to believe that material information has been withheld or omitted from the information provided to us or referred to in

the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group or the Owners.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the New Minibus Leasing Agreement, we have taken into consideration the following principal factors and reasons:

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

#### (i) Information on the Group

The Group is principally engaged in provision of franchised PLB transportation services in Hong Kong. As set out in the Prospectus, Green Minibuses are PLBs that provide scheduled services with fixed routes, fares, vehicle allocation, frequency and service hours stipulated by the Transport Department of the Hong Kong Government (the “**Transport Department**”). Green Minibus routes must be operated by qualified Green Minibus routes operators and are generally offered through open tender by the Transport Department. As at the Latest Practicable Date, the Company operates 60 Green Minibus routes and 4 residents’ bus routes to supplement the Green Minibus services. Based on the Company’s announcement of the annual results for the year ended 31 March 2017, the Group had 363 PLBs and operated 70 PLB routes.

The following is the franchised PLB service income of the Group for each of the three financial years ended 31 March 2015, 2016 and 2017, which is extracted from the Company’s annual reports of the respective period.

	Year ended 31 March		
	2017	2016	2015
	HK\$’000	HK\$’000	HK\$’000
	(Audited)	(Audited)	(Audited)
Franchised PLB service income	377,663	371,278	356,449

As indicated in the above table, the Group recorded slightly overall growth in its income for the past three financial years, whereby the income in respect of the PLB business increased from approximately HK\$356.4 million for the year ended 31 March 2015 to approximately HK\$377.7 million for the year ended 31 March 2017, representing an average annual compound growth rate of approximately 2.93%.

As explained in the Company’s announcement of the annual results for the year ended 31 March 2017, due to the expansion on fleet size, increase number of short-haul feeder routes and better operational efficiency, the patronage of the Group increased slightly by approximately 1,000,000, or 1.8%, to approximately 58,100,000 for the year ended 31 March 2017 as compared with approximately 57,100,000 for the corresponding same period in 2016.

*(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. Vivian Wong, Ms. Cecilia Wong and Ms. May Wong (as to 10%, 15%, 5%, 5% and 5% respectively), whereas All Wealth is wholly owned by Metro Success, which 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 members of the Wong Family (excluding Mr. Wong); and
- (ii) Big Three is owned as to (i) 50% by Mr. Wong and (ii) 50% by Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. May Wong (as to 10%, 5%, 25%, 5% and 5% respectively).

As Mr. Vincent Wong, Ms. Ng and Ms. May 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. Wong, Mr. Vincent Wong, Ms. Ng and Ms. May Wong are Directors and thus connected persons of the Company. According to the Listing Rules, Big Three is an associate of either Mr. Wong, Mr. Vincent Wong, Ms. Ng and/or Ms. May Wong, each of them is also regarded as a connected person of the Company.

**2. Reasons for the New Minibus Leasing Agreement**

The New Minibus Leasing Agreement will be the sixth agreement of this type entered into between the Owners and the Group. The First Original Minibus Leasing Agreement was entered on 22 March 2004 which took effect on 1 April 2003 and continued until 31 March 2006, and the Fifth Original Minibus Leasing Agreement, being the latest one in effect, was entered on 23 June 2014 to further renew the lease for three years from 1 October 2014 to 30 September 2017.

The Fifth Original Minibus Leasing Agreement will soon expire and it is anticipated that the Group will continue to lease from the Owners PLBs 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.

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 in the interests of the Company and the Shareholders as a whole.

Since the Group has been largely relying on the use of leased PLBs for its operation, we are of the view that the leasing of PLBs is essential to the continuation of the Group's core business, being the operation of Green Minibus routes and is in the line with ordinary and usual industry practice. Hence, we concur with the Directors' view that the entering into the New Minibus Leasing Agreement is in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the New Minibus Leasing Agreement

The New Minibus Leasing Agreement provides that the Group may lease certain PLBs from each of the Owners from 1 October 2017 to 30 September 2020. Pursuant to the New Minibus Leasing Agreement, rentals shall be paid in advance on or before the 5th day of each calendar month. As stated in the Letter from the Board, the terms of the New Minibus Leasing Agreement were arrived at after arm's length negotiation between the parties. The principal terms of the New Minibus Leasing Agreement are summarised as follows:

#### (i) Rentals

Pursuant to the New Minibus Leasing Agreement, the rental in respect of each PLB shall be determined by reference to its age in accordance with the Benchmark Table as follows:

<b>Class</b>	<b>Age</b>	<b>Daily rental (inclusive of vehicle license fees and insurance premium)</b>
1	2 years or below	HK\$750
2	Over 2 years	HK\$610

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 of the Company 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 lower than the contract rental in the Benchmark Table thereby warranting the need of 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 Vigers using the market approach as well as under the assumptions set out in the Letter from the Board.

As discussed with Vigers, we understand that in assessing the market value of the rental payment for PLBs, Vigers considers the market approach as a reasonable basis in the appraisal due to, among other things, the fact that there exists a market on the leasing of PLBs which provides observable market rental. Given the existence of comparable and sufficient market data, Vigers is able to collect the data from the market participants which demonstrate consistent results to support a reasonable conclusion. In particular, Vigers notes that there were a total of 4,350 registered PLBs, of which 3,260 were Green Minibuses, in the market as at the end of February 2017. Although there is no structural trading market established for the lease of PLBs in Hong Kong, the market is efficient enough to indicate a benchmark on the rental as both the minibus owner and the operator can easily access to each other and draw comparison on the rental. Vigers also points out that the PLBs market is highly fragmented, with a few large players and numerous smaller ones. In this connection and for the purposes of assessing the market value of rental for PLBs leasing, we understand that Vigers has conducted interviews with the Transport Department, PLB agents, PLB associations and a PLB operator to arrive at an approximation of the average rental price for PLBs, and each of the PLB agents, PLB associations and the PLB operator are independent of the Company and the Owners, and their respective associates. Based on the results of the interviews, Vigers considers that the average prevailing market rental for PLBs in Hong Kong in operation for two years or below and over two years are HK\$750 and HK\$613 per day, respectively. We have discussed with Vigers regarding the calculation of the average prevailing market rental, and we note that Vigers used the weighted average calculation and include only market rental data if the interviewee stated the age group of the PLBs leased (i.e. PLBs in operation for two years or below and PLBs in operation over two years). Given that Vigers has conducted interview 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 PLBs is fair and reasonable. The aforesaid market rental is applicable to the practice that maintenance fee is payable by lessee, whereas licensing fee and insurance are payable by the PLBs owner, regardless of the PLBs powered by diesel engine or liquefied petroleum gas engine.

Having considered the assumptions, the methodology, the basis applied by Vigers in the assessment of the market rental for PLBs and the professional opinion that the PLBs leasing market provides sufficient information on the market rental of which the market data collected indicates 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 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 those PLBs leased by the Group are all over two years old (except one) and the majority of the daily rental for the financial year ended 31 March 2017 was HK\$690, which is higher than, the proposed daily rental of HK\$610 for PLBs aged over two years old under the Benchmark Table. Therefore, we are of the view that the Benchmark Table is actually more 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 for taking out and maintaining 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 the 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 and all petrol and lubricants in respect of the proper operation of the PLBs. As discussed with Vigers, 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 whether or not it expects to incur substantial cost of repairs and maintenance under the New Minibus Leasing Agreement. In this connection, we understand from the Company that repairs and maintenance costs have been basically consistent from year to year depending on the fleet size and fleet age and the Company does not expect to have a 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 conditions. 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 has been determined on a cost plus margin basis. 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 also reviewed three samples of agreements entered into between the Group and independent third party PLB owners in respect of the leasing of PLBs and noted, 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 are fair and reasonable as far as the Independent Shareholders are concerned.

Pursuant to the New Minibus Leasing Agreement, 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. As discussed with the Company, we understand that the Group has also given similar indemnity to other PLBs owners who are independent third parties and lease PLBs to the Group. In this connection, we have also reviewed three samples of agreement between the Group and the independent third parties PLB owners with the similar arrangement. Given that the 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 enormous. 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 277 PLBs from the Owners and such number of PLBs subject to lease may be varied from time to time during the term of the New Minibus Leasing Agreement 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 305 (representing the original number of PLBs subject to the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee. As at the Latest Practicable Date, there were 277 PLBs leased by the Owners to the Lessee under the Fifth Original Minibus Leasing Agreement, and their average age was 8.61 years.

We understand from the Company that the initially agreed number of PLBs (i.e. 277) subject to lease under 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 leased PLBs from the Owners, we are of the view that such right will provide the Group flexibility in expanding 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) Owners' responsibilities under change in laws*

Pursuant to the New Minibus Leasing Agreement, in case of a change in the laws in Hong Kong resulting in an increase in the permitted number of passengers in PLBs, the Owners and the Lessee shall promptly negotiate in good faith regarding the arrangement for installation of additional seats. In addition, the costs of such installation shall be borne solely by the relevant Owners for installation of additional seats and any related refitting to the PLBs so that the maximum carrying capacity can be achieved. With reference to the Company's announcement of the annual results for the year ended 31 March 2017, the Group supported and welcomed the increase of the number of the minibus seat capacity, so that passengers would benefit from shortening the minibus waiting time and the Group could increase the revenues to alleviate the pressure from inflating operating costs, we are of the view that the terms relating to the Owner's responsibility under changes in the laws is in the interests of the Company and the Shareholders as a whole.

*(v) Additional seats*

Pursuant to the New Minibus Leasing Agreement, within twelve months from the date on change in the laws shall take effect, or six months from the date on which such installation of additional seats and related refitting to the first batch of PLBs are completed after such change in laws has taken effect (whichever is the earlier), the Lessee and the Owners shall jointly appoint an independent valuer at the cost of the Lessee to assess the prevailing market rentals for the PLBs as refitted by the Owners and the Benchmark Table shall be adjusted according to such prevailing market rentals as assessed by the independent valuer, whose decision shall be final and conclusive. The Benchmark Table as adjusted shall apply with retrospective effect from the first day on which the PLBs with such additional seats and related refitting installed are available for use by the Lessee. Given that the Benchmark Table shall be reviewed by the independent valuer to reflect the market rentals of the relevant PLBs after the change in laws with respect to additional seats, we are of the view that such new Benchmark Table will be fair and reasonable and will be in the interests of the Company and the Shareholders as a whole.

*(vi) 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 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 PLBs, the Owners may sell the PLB to the third party purchaser. Each of the Owners has undertaken that, in such case, it will only sell or dispose of the PLB to the third party purchaser on terms and at the 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 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 preemptive 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 interest 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 to the terms of the Fifth Original Minibus Leasing Agreements, it will provide indication as to the fairness and reasonableness of the terms of the New Minibus Leasing Agreement by looking into the past transactions. In connection to this, we have reviewed the annual reports of the Company for the two financial years ended 31 March 2015 and 31 March 2016 which indicated that the auditors of the Company had conducted annual review of the Group's transactions with the Owners under the Fifth Original Minibus Leasing Agreement and had confirmed that, among others, those transactions had been entered into in accordance with the terms of the Fifth 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.

We have also reviewed 12 samples of record of monthly rental payments by the Group to the Owners in respect of the leasing of PLBs for the financial year ended 31 March 2017, and noted that such payments had been arrived at in accordance with the terms of the Fifth 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 amount 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' disposal of the PLBs; and (iv) the New Minibus Leasing Agreement is essentially a renewal of the Fifth Original Minibus Leasing Agreement with similar terms where the past Leasing Transactions have been conducted in accordance with the terms of the Fifth 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 caps for the Leasing Transactions

Pursuant to Rule 14A.53 of the Listing Rules, the ongoing leasing of PLBs from the Owners by the Group is required to be subject to an annual cap for each financial year over the three years term up to 30 September 2020. As noted from the Letter from the Board, having considered the daily rentals of the PLBs payable in accordance with the Benchmark Table, the expected fleet size and the demand of leased PLBs and the actual rentals paid by the Group under the First Original Minibus Leasing Agreement, the Second Original Minibus Leasing Agreement, the Third Original Minibus Leasing Agreement, the Fourth Original Minibus Leasing Agreement, and the Fifth Original Minibus Leasing Agreement since 1 April 2003, the Directors expect, when taking into account proposed change in laws on seater number, the expected number of 16-seater as well as 19-seater PLBs to be leased from the Owners and the periodic rentals payable by the Group to the Owners under the New Minibus Leasing Agreement to be forecasted as follows:

**Table 4a: the expected number of PLBs to be leased from the Owners for 16-seater and 19-seater PLBs**

	As at 30/9/2017	As at 31/3/2018	As at 31/3/2019	As at 31/3/2020	As at 30/9/2020
For 16-seater PLBs in operation 2 years or below	75	41	—	—	—
For 16-seater PLBs in operation over 2 years	<u>199</u>	<u>190</u>	<u>117</u>	<u>48</u>	<u>15</u>
	<b>274</b>	<b>231</b>	<b>117</b>	<b>48</b>	<b>15</b>
For 19-seater PLBs in operation 2 years or below	3	46	113	156	189
For 19-seater PLBs in operation over 2 years	<u>—</u>	<u>—</u>	<u>47</u>	<u>73</u>	<u>73</u>
	<u><b>3</b></u>	<u><b>46</b></u>	<u><b>160</b></u>	<u><b>229</b></u>	<u><b>262</b></u>
<b>Total number of 16-seater and 19-seater PLBs</b>	<u><u><b>277</b></u></u>	<u><u><b>277</b></u></u>	<u><u><b>277</b></u></u>	<u><u><b>277</b></u></u>	<u><u><b>277</b></u></u>

Based on the Company's forecast of the Leasing Transactions to be carried out from 1 October 2017 to 30 September 2020, we noted that the total number of PLBs to be leased from the Owners will be 277 which 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. In other words, the Company does not expect its fleet size with respect to the leased PLBs from the Owners to have any change in the near future. In fact, such view is also consistent with the findings of Vigers 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 the Group is operating as well as the fleet size. As advised by the Company,

the number of the 19-seater PLBs will gradually replace the 16-seater PLBs due to the change in the law; therefore, the number of the 16-seater PLBs will decrease from 274 as at 30 September 2017 to 15 as at 30 September 2020 and the 19-seater PLBs will increase from 3 as at 30 September 2017 to 262 as at 30 September 2020.

**Table 4b: the estimated rental payable calculations based on the 16-seater minibuses and additional rental payable calculations due to the leasing of the 19-seater minibuses**

	Daily rental (as per the Benchmark Table/estimated new daily rental) (HK\$)	1/10/2017 to 31/3/2018 (HK\$ million)	1/4/2018 to 31/3/2019 (HK\$ million)	1/4/2019 to 31/3/2020 (HK\$ million)	1/4/2020 to 30/9/2020 (HK\$ million)
For 16-seater PLBs in operation 2 years or below	750	8.3	3.4	—	—
For 16-seater PLBs in operation over 2 years	610	21.6	33.6	17.7	3.1
<b>Estimated 16-seater PLBs rentals payable by the Group to the Owners before administration fee income</b>		<b>29.9</b>	<b>37.0</b>	<b>17.7</b>	<b>3.1</b>
For 19-seater PLBs in operation 2 years or below <sup>(Note 1)</sup>	890	3.5	33.1	47.0	28.7
For 19-seater PLBs in operation over 2 years <sup>(Note 1)</sup>	720	—	3.1	14.1	9.6
<b>Estimated 19-seater PLBs daily rental payable by the Group to the Owners before administration fee income</b>		<b>3.5</b>	<b>36.2</b>	<b>61.1</b>	<b>38.3</b>
<b>Total estimated daily rental payable (for 16-seater and 19-seater PLBs) before administration fee income</b>		<b>33.4</b>	<b>73.2</b>	<b>78.8</b>	<b>41.4</b>
Estimated annual administration fee income		(1.2)	(2.3)	(2.3)	(1.2)
Estimated total net rentals payable by the Group to the Owners after administration fee		32.2	70.9	76.5	40.2
<b>Estimated total net rentals payable by the Group to the Owners with 10% buffer</b>		<b>35.5</b>	<b>78.0</b>	<b>84.1</b>	<b>44.3</b>

Note:

- The estimated rentals for 19-seater PLBs are calculated with reference to the Benchmark Table applicable to the existing 16-seater PLBs on a pro-rata basis according to simple calculation method of average rentals per seat, as the valuation report on the market rentals for 19-seater PLBs is not currently available.

As stated in the Letter from the Board, the Hong Kong Government recently gazette on 7 April 2017 the Road Traffic (Amendment) Bill 2017 to amend the Road Traffic Ordinance (Cap. 374 Laws of Hong Kong) to increase the maximum passenger seating capacity of minibuses from 16 to 19. This bill passed by the legislative council on 28 June 2017, and the new law will come into effect on 7 July 2017. In this connection, we have discussed with Vigers whether or not the Valuation could take into account the expected change in the number of seaters for PLBs in the coming years. However, we understand from Vigers that the Valuation which has been conducted under the market approach only reflect the 16-seater PLBs market rentals and would not be able to reflect any change in the seater number as such market data is not available yet. On the other hand, we understand from the Company's for the purpose of the preparation of the annual caps, management have assumed that the daily rental for 19-seater minibuses in operation 2 years or below will increase from HK\$750 to HK\$890 and the daily rental for 19-seater minibuses in operation over 2 years will increase from HK\$610 to HK\$720 on a pro-rata basis with reference to the increase on the number of seats (i.e.  $HK\$750 \times 19/16 = HK\$890$ ,  $HK\$610 \times 19/16 = HK\$720$ ). The management also advised that only the leasing of existing minibus in operation 2 years or below would be capable for the installation of additional seats.

Having taken into account the new law on 19-seater minibuses coming into effect during the term of the New Minibus Leasing Agreement, the Company expects that the rentals payable by the Group under the New Minibus Leasing Agreement to the Owners will not exceed (i) HK\$35,473,000 for the six months ending 31 March 2018; (ii) will not exceed HK\$77,960,000 for the year ending 31 March 2019; (iii) will not exceed HK\$84,099,000 for the year ending 31 March 2020; and (iv) will not exceed HK\$44,271,000 for the six months ending 30 September 2020 (collectively, "**New Annual Cap**").

As regards the proposed change in the PLBs' seater number from 16-seater to 19-seater, although the Valuation has not taken into account this factor, the additional rentals as currently estimated by the Company is assumed to be calculated based on a pro rata basis with reference to the number of seaters. In view of (i) the market data of the 19-seater PLBs rentals is not yet available; (ii) the Company's practical need to finalise the annual caps for the renewal of the Leasing Transactions which would otherwise be expired on 30 September 2017; and (iii) the current estimate of the 19-seater PLBs rentals, being computed based on a pro-rata basis that is logical and unbiased and represents the most appropriate estimation against other bases of the estimation which would inevitably involve subjective assumption, we are of the view that the New Annual Cap (as adjusted by the estimation of the increase in rentals due to the change in seater number) is still 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 of the period over the three years term of the New Minibus Leasing Agreement ending 30 September 2020 (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 not being 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) the Leasing Transactions 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 Vigers 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 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  
**VMS Securities Limited**  
**Nick Man**  
*Managing Director*  
*Corporate Finance*

*Mr. Nick Man is a licensed person and a responsible officer of VMS Securities Limited registered with the Securities and Futures Commission to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and has over ten 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' Interests in Shares**

*Directors' 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 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 in the Company*

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held in respect of the share options (Note (c))	Total	Approximate percentage of shareholding
Mr. Vincent Wong (Notes a & b)	Beneficiary of a discretionary trust	Other	117,677,000	—	117,677,000	43.40%
	Beneficial owner	Personal	25,362,500	—	25,362,500	9.35%
	Spouse of Ms. Loo Natasha Christie	Family	352,000	—	352,000	0.12%
	Father of Mr. Wong Tin Yan, Chace	Family	2,000,000	—	2,000,000	0.73%
	Father of Mr. Wong Tin Yue, Noah	Family	2,000,000	—	2,000,000	0.73%
Mr. Wong (Note a)	Founder of a discretionary trust	Other	117,677,000	—	117,677,000	43.40%
	Beneficial owner	Personal	23,256,000	—	23,256,000	8.57%
	Spouse of Ms. Ng Sui Chun	Family	12,981,300	—	12,981,300	4.78%
Ms. Ng (Note a)	Beneficiary of a discretionary trust	Other	117,677,000	—	117,677,000	43.40%
	Beneficial owner	Personal	12,981,300	—	12,981,300	4.78%
	Spouse of Mr. Wong Man Kit	Family	23,256,000	—	23,256,000	8.57%
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	Number of ordinary shares held	Number of underlying shares held in respect of the share options (Note (c))	Total	Approximate percentage of shareholding
Ms. May Wong (Note a)	Beneficiary of a discretionary trust Beneficial owner	Other	117,677,000	—	117,677,000	43.40%
		Personal	3,357,000	—	3,357,000	1.23%
Dr. Lee Peng Fei, Allen	Beneficial owner	Personal	330,000	558,000	888,000	0.32%
Dr. Chan Yuen Tak Fai, Dorothy	Beneficial owner	Personal	330,000	558,000	888,000	0.32%
Mr. Kwong Ki Chi	Beneficial owner	Personal	330,000	558,000	888,000	0.32%

*Notes:*

- (a) As at the Latest Practicable Date, a total of 117,677,000 ordinary shares in the Company were held by Skyblue, which is a wholly owned subsidiary of Metro Success. Metro Success is a wholly owned subsidiary of JETSUN, which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining one unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. Mr. Wong is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Mr. Vincent Wong, Ms. Ng and Ms. May Wong.
- (b) As at the Latest Practicable Date, Mr. Vincent Wong held 2,000,000 and 2,000,000 ordinary shares in the Company as trustee for the benefit of his sons Mr. Wong Tin Yan, Chace (a minor) and Mr. Wong Tin Yue, Noah (a minor) respectively.
- (c) 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 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 (the “**2004 Scheme**”) and adopted a new share option scheme (the “**2013 scheme**”) on the same date pursuant to which the eligible persons may be granted options to subscribe for shares in the Company 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 in the Company 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 Company’s share 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 Company’s share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company’s shares.

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

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

Name of grantees	Date of grant (note (a)) (d/m/y)	Number of share options granted	Period during which rights are exercisable (d/m/y)	Exercise price per share option (HK\$)	Outstanding as at the Latest Practicable Date
<b>Directors:</b>					
Dr. Lee Peng Fei, Allen	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000
	23/9/2015	258,000	23/9/2015–22/9/2025	1.25	<u>258,000</u>
					<u>558,000</u>
Dr. Chan Yuen Tak Fai, Dorothy	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000
	23/9/2015	258,000	23/9/2015–22/9/2025	1.25	<u>258,000</u>
					<u>558,000</u>

Name of grantees	Date of grant (note (a)) (d/m/y)	Number of share options granted	Period during which rights are exercisable (d/m/y)	Exercise price per share option (HK\$)	Outstanding as at the Latest Practicable Date
Mr. Kwong Ki Chi	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000
	23/9/2015	258,000	23/9/2015–22/9/2025	1.25	<u>258,000</u>
					<u>558,000</u>
Total Directors					<u><u>1,674,000</u></u>
<b>Associate of Directors:</b>					
Mr. Wong Man Chiu (note (b))	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000
	23/9/2015	258,000	23/9/2015–22/9/2025	1.25	<u>258,000</u>
					<u>558,000</u>
<b>Continue Contract Employees:</b>					
In aggregate	20/10/2011	4,050,000	20/10/2011–19/10/2021	1.60	3,750,000
	23/9/2015	3,096,000	23/9/2015–22/9/2025	1.25	<u>2,424,000</u>
					<u>6,174,000</u>
Total all categories					<u><u>8,406,000</u></u>

*Notes:*

- (a) The share options granted on 20 October 2011 were granted under the 2004 Scheme while those granted on 23 September 2015 were granted under the 2013 Scheme.
- (b) Mr. Wong Man Chiu, the engineering manager of the Group, is the brother and thus the associate of Mr. Wong, the honorary chairman and Executive Director of the Company.
- (c) The closing prices of each share immediately before the date of grant of 20 October 2011 and 23 September 2015 were HK\$1.60 and HK\$1.25 respectively.
- (d) 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 of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders		Number of Shares/ underlying Shares held	Percentage to the total number of issued shares in the Company
The Trustee	<i>(Note a)</i>	133,077,000	49.08%
JETSUN	<i>(Note a)</i>	117,677,000	43.40%
Metro Success	<i>(Note a)</i>	117,677,000	43.40%
Skyblue	<i>(Note a)</i>	117,677,000	43.40%
The Seven International Holdings (L) Limited (“SIHL”)	<i>(Note b)</i>	14,850,000	5.47%
The Seven Capital Limited (“SCL”)	<i>(Note b)</i>	14,850,000	5.47%

*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 the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. Mr. Wong is the settlor of The JetSun Trust and Mr. Vincent Wong, Ms. Ng and Ms. May Wong, are the beneficiaries of The JetSun Trust.
- (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 HSBCITL.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director and the CEO) having an interest or a short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at the Latest Practicable Date.

## 2. EXPERT

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

<b>Name</b>	<b>Qualification</b>
VMS Securities Limited	A corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Vigers Appraisal & Consulting Limited	Registered professional surveyors and business valuers. Its person-in-charge of the subject valuation work Raymond K. K. Ho, Chartered Surveyor, MRICS, MHKIS, MSc(e-com), China Real Estate Appraiser, has over twenty-seven years' experience in undertaking valuations of properties in Hong Kong, has over twenty years' experience in undertaking valuations of properties in the PRC, Macau, Taiwan and Asia-Pacific region, and has over ten years' experience in business valuation.

- (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 it 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 19 July 2017 and 20 June 2017 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 2017 (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 2017 (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, Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, all being Executive Directors, were indirectly interested in the Fifth Original Minibus Leasing Agreement entered into between the Lessee as lessee and the Original Owners as lessors. The lessors are beneficially owned and controlled by the major Shareholders, the Wong Family. The consideration, net of administration fee of HK\$700 per minibus per month, paid for the period from 1 April 2017 to the Latest Practicable Date was HK\$19,667,000.

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 2017, 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 Mr. Wong, Ms. Ng, Mr. Vincent Wong, Mr. Chan Man Chun and Ms. May Wong as Executive Directors, and Dr. Lee Peng Fei Allen, Dr. Chan Yuen Tak Fai Dorothy and Mr. Kwong Ki Chi as Independent Non-Executive Directors.
- (c) The secretary of the Company is Ms. Wong Ka Yan. Ms. Wong Ka Yan is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (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 available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the AGM:

- (a) the First Original Minibus Leasing Agreement;
- (b) the Second Original Minibus Leasing Agreement;
- (c) the Third Original Minibus Leasing Agreement;
- (d) the Fourth Original Minibus Leasing Agreement;
- (e) the Fifth Original Minibus Leasing Agreement, which is also the contract referred to in paragraph 5 of this Appendix;
- (f) the New Minibus Leasing Agreement;
- (g) the letter from the Independent Board Committee, the text of which is set out in Appendix III of this circular;
- (h) the letter from the Independent Financial Adviser, the text of which is set out in Appendix IV of this circular;
- (i) the written consent of the experts referred to in paragraph 2 of this Appendix; and
- (j) the service contracts referred to in paragraph 4 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 Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 29 August 2017, Tuesday at 11:00 a.m. for the purpose of transacting the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements and the reports of the directors (“Directors”) and auditors of the Company and its subsidiaries for the year ended 31 March 2017.
2. To declare a final dividend for the year ended 31 March 2017. *Note 4*
3. (a) To re-elect the retiring Directors.  
(b) To authorise the board of Directors to fix their remuneration.
4. To re-appoint the retiring auditors 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

## NOTICE OF AGM

(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).”

## NOTICE OF AGM

(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 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.”

## NOTICE OF AGM

(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. “**THAT**

- (a) the agreement (“New Minibus Leasing Agreement”) dated 29 June 2017 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 2017 to 30 September 2020 (both days inclusive), a copy of which has been produced to the meeting marked “A” and has been initialed 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, including such changes and amendments thereto as such Director may consider necessary, desirable or expedient; and
- (b) the New Annual Cap (such term shall have the meaning as defined in the circular to the shareholders of the Company dated 19 July 2017) 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, 19 July 2017

## NOTICE OF AGM

*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 23 August 2017

Closure of register of members . . . . . Thursday, 24 August 2017 to  
Tuesday, 29 August 2017  
(both dates inclusive)

Record date . . . . . Tuesday, 29 August 2017

- (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  
Monday, 4 September 2017

Closure of register of members . . . . . Tuesday, 5 September 2017 to  
Thursday, 7 September 2017  
(both days inclusive)

Record date . . . . . Thursday, 7 September 2017

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 8 September 2017, Friday.
  - (5) As at the date of this notice, the Executive Directors of the Company are Mr. Wong Ling Sun, Vincent (Chairman), Mr. Wong Man Kit (Honorary chairman), Ms. Ng Sui Chun, Mr. Chan Man Chun (Chief Executive Officer) & Ms. Wong Wai Sum, May, and the Independent Non-Executive Directors are Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.