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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 (“**Company**”), you should at once hand this circular with the enclosed form of proxy to the purchaser or the transferee or 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)**

**MAJOR TRANSACTION  
ACQUISITION OF 100% INTEREST IN  
CENTRAL MAXICAB LIMITED**

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## DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser of the Sale Shares pursuant to the terms of the Sale & Purchase Agreement;
“Announcements”	the announcement of the Company dated 7th September 2011 and the subsequent clarification announcement dated 12th September 2011 in relation to the Acquisition;
“Board”	the board of Directors;
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business (excluding Saturday);
“Central Maxicab”	Central Maxicab Limited (中環專線小巴有限公司), a limited liability company incorporated in Hong Kong with company number 536899, all the issued shares of which are legally and beneficially held by the Vendors;
“Company”	AMS Public Transport Holdings Limited (進智公共交通控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange;
“Completion Date”	31st October 2011 or such other date as the Vendors and the Purchaser shall mutually agree in writing;
“Director(s)”	the director(s) of the Company;
“Enlarged Group”	the Group and Central Maxicab;
“Group”	the Company together with its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	10th October 2011, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Minibuses”	the 25 public light buses together with the PLB Licences;
“PRC”	the People’s Republic of China;

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## DEFINITIONS

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“Property”	a property owned by Central Maxicab situated at Flat D on 19th Floor, Hung Kei Mansion, Nos. 5–8 Queen Victoria Street, Hong Kong with floor area of approximately 500 square feet;
“PLB Licences”	the 25 public light bus licences owned by Central Maxicab and “ <b>PLB Licence</b> ” shall mean any one of them;
“Purchaser”	Gurnard Holdings Limited, a limited liability company incorporated in the British Virgin Islands with I.B.C. number 523143 which is wholly owned by the Company;
“Sale & Purchase Agreement”	the agreement for the sale and purchase of Sale Shares (股份轉讓協議) dated 7th September 2011 entered into between the Vendors and the Purchaser in relation to the Acquisition;
“Sale Shares”	1,600 ordinary shares of nominal value of HK\$1.00 each, representing the entire issued share capital of Central Maxicab legally and beneficially held by the Vendors as at the date of this circular;
“Scheduled PLB Routes”	three scheduled public light bus routes being: (i) Hong Kong Island route number 54 traveling between Central Pier (International Finance Centre Two) to Queen Mary Hospital (circular route); (ii) Hong Kong Island route number 54S traveling between Mountain Davis Road to the Central Pier; and (iii) Hong Kong Island route number 55 traveling between Queen Mary Hospital to Central MTR station (Worldwide House, Connaught Road Central) (circular route);
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendors”	collectively So Sai Hung (蘇世雄), Lo Hon Keung (盧漢強), Ip Po Fun, Jessie (葉寶芬), Yip Chun (葉珍), Tsui Po Keung (徐保強) and So Chi Hung (蘇志雄) who together own the Sale Shares;
“Wong Family”	Mr. Wong Man Kit, Ms. Ng Sui Chun and their son, Mr. Wong Ling Sun, Vincent, and their daughters Ms. Wong Wai Sze, Cecilia, Ms. Wong Wai Sum, May and Ms. Wong Wai Man, Vivian; and
“%”	per cent.

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**LETTER FROM THE BOARD**

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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)**

*Executive Directors:*

Mr. Wong Man Kit (*Chairman*)  
Ms. Ng Sui Chun  
Mr. Wong Ling Sun, Vincent  
Mr. Chan Man Chun (*Chief Executive Officer*)  
Ms. Wong Wai Sum, May

*Registered Office:*

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

*Independent Non-Executive Directors:*

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

*Head Office and Principal Place of Business:*

11/F-12/F, Abba Commercial Building  
223 Aberdeen Main Road  
Aberdeen, Hong Kong

26th October 2011

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
ACQUISITION OF 100% INTEREST IN  
CENTRAL MAXICAB LIMITED**

**INTRODUCTION**

Reference is made to the Announcements which stated that on 7th September 2011, the Purchaser and the Vendors entered into the Sale & Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendors agreed to sell the Sale Shares at a consideration of HK\$215,000,000.

As the consideration ratio for the Acquisition calculated pursuant to the Listing Rules is more than 25% but less than 100%, the Acquisition therefore constitutes a major transaction for the Company and is subject to the reporting and announcement, circular and shareholders' approval requirements under rule 14.33 of the Listing Rules.

Since no Shareholders are required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition, the Sale & Purchase Agreement and the transaction contemplated thereunder, on 7th September 2011, the controlling Shareholder, Skyblue Group Limited, which held 146,070,000 Shares on 7th September 2011 (representing 63.61% of the entire issued share capital of the Company) and had the right to attend and vote at such general meeting, had given to the

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## LETTER FROM THE BOARD

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Company its written approval for the Acquisition, the Sale & Purchase Acquisition and the transaction contemplated thereunder. By virtue of rule 14.44 of the Listing Rules, the Company is thereby dispensed with the need to convene a shareholders' meeting.

The purpose of this circular is to provide you with further details, in relation to, among other things, the Sale & Purchase Agreement and other information in accordance with the Listing Rules.

### **THE SALE & PURCHASE AGREEMENT**

The principal terms of the Sale & Purchase Agreement are as follows:

#### **Date**

7th September 2011

#### **Parties**

- (1) The Vendors; and
- (2) The Purchaser.

#### **Subject Asset of the Acquisition**

The Sale Shares, being the entire issued share capital of Central Maxicab. The assets owned by Central Maxicab consisted of the Property, the Minibuses and all rights and benefits pertinent to the operation of the Scheduled PLB Routes.

#### **Consideration**

The total consideration payable to the Vendors by the Purchaser for the Acquisition is HK\$215,000,000, which was determined after arm's length negotiations between the parties having regard to:

- i. the value of the PLB Licences totaling HK\$175,000,000 as at 6th September 2011 with reference to prices quoted by vehicle dealers on even date;
- ii. the value of the Property amounting to approximately HK\$3,900,000 as per valuation carried out by Vigers Appraisal & Consulting Limited (an independent third party valuer) on 6th September 2011. The valuation was determined on the basis of market value approach;
- iii. the future prospects of Central Maxicab with reference to its assets and business value; and
- iv. the synergy effect the Scheduled PLB Routes will have on the Group's existing routes and other potential benefits that will accrue to the Group after completion of the Acquisition.

The Group intends to settle the consideration by cash in the amount of HK\$137,000,000 and by bank loan for the sum of HK\$78,000,000.

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## LETTER FROM THE BOARD

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### Payment Terms

The Purchaser has paid to the Vendors a deposit, being the sum of HK\$35,000,000, upon the signing of the Sale & Purchase Agreement. The balance of the consideration of HK\$215,000,000 shall be paid as follows:

- (a) on the day immediately following the Completion Date, the Purchaser shall repay for the Vendors in full all outstanding sums owed by Central Maxicab under the relevant hire purchase agreements in respect of the Minibuses (the aggregate repayment amount thereunder shall not exceed HK\$80,000,000); and
- (b) on the day immediately following the full repayment of the said outstanding sums under the relevant hire purchase agreements in respect of the Minibuses and completion of the execution of new hire purchase agreements by Central Maxicab in respect of the Minibuses, the Purchaser shall pay to the Vendors the balance of the consideration net of the said outstanding sums and the deposit of HK\$35,000,000.

### Conditions Precedent

According to the principal terms of the Sale & Purchase Agreement, completion of the Acquisition is conditional upon fulfillment of the following conditions precedent by the relevant party:

- (a) the requisite consents and approvals under the Listing Rules, including but not limited to the consent and approval of the Shareholders, having been obtained by the Purchaser and/or the Company;
- (b) the necessary authorizations, consents and approval for executing the Sale & Purchase Agreement and related documents having been obtained by the Vendors (if applicable) prior to the signing of the Sale & Purchase Agreement;
- (c) the original audited account for the year ended 31st March 2010, as certified true and correct by a director of Central Maxicab, having been furnished by the Vendors to the Purchaser prior to the signing of the Sale & Purchase Agreement;
- (d) all necessary assistance having been rendered by the Vendors to the Purchaser to enable the carrying out of legal and financial due diligence on Central Maxicab and the Sale Shares and the results of which being to the satisfaction of the Purchaser (the relevant legal due diligence shall include but not be limited to the marketability of the title to the Property and the non-existence of any encumbrances and charges thereon) after the signing of the Sale & Purchase Agreement and before completion;
- (e) the original management account for the period from 1st April 2010 to 31st August 2011, as certified true and correct by a director of Central Maxicab, having been furnished by the Vendors to the Purchaser after the signing of the Sale & Purchase Agreement and before completion; and

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## LETTER FROM THE BOARD

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- (f) the absolute discharge of all liabilities, penalties and outstanding debts of the Central Maxicab (save and except for the debts under the relevant hire purchase agreements in respect of the Minibuses), and of encumbrance and mortgage charged on the Property having been completed by Central Maxicab after the signing of the Sale & Purchase Agreement and before completion.

As at the Latest Practicable Date, the conditions precedent set out under paragraphs (a), (b) and (c) had been fulfilled, whereas (d), (e) and (f) were yet to be completed.

### **Other Relevant Terms**

According to the terms of the Sale & Purchase Agreement, the Purchaser will allow the Vendors to use the Property at nil consideration for a period of six months from the Completion Date, to enable the Vendors to complete the transition consequential to the Acquisition. The Vendors shall unconditionally deliver up the Property to the Purchaser (in the same state and condition as at the Completion Date) upon expiration of the said six months' period. Notwithstanding the foregoing, the Purchaser will still have the unfettered right to use the Property during the said period.

### **Completion**

Subject to the fulfillment of all terms and conditions of the Sale & Purchase Agreement, the Acquisition shall be completed on the Completion Date.

Following completion of the Acquisition, Central Maxicab will become indirectly wholly-owned by the Company and its financial results will be consolidated into that of the Group thenceforth.

### **INFORMATION ON CENTRAL MAXICAB**

To the best knowledge of the Directors, the principal business activity of Central Maxicab is the provision of green minibus transportation service in Hong Kong and the operation of the Scheduled PLB Routes.

The audited net assets value of Central Maxicab as at 31st March 2010 and 31st March 2011 were HK\$6,385,000 and HK\$11,346,000 respectively. The audited net profit of Central Maxicab (both before and after taxation) for the year ended 31st March 2010 were HK\$5,867,000 and HK\$4,880,000 respectively and the audited net profit (both before and after taxation) for the year ended 31st March 2011 were HK\$5,827,000 and HK\$4,961,000 respectively.



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## LETTER FROM THE BOARD

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### MANAGEMENT DISCUSSION AND ANALYSIS OF THE PERFORMANCE OF CENTRAL MAXICAB

The following is the management discussion and analysis of the performance of Central Maxicab, which is based on the financial information of Central Maxicab as set out in Appendix II of this circular:

#### For the years ended 31st March 2009, 2010 and 2011

##### *Business Review*

	For the year ended 31st March		
	2009	2010	2011
Turnover (in HK\$'000)	22,384	23,055	23,923
Change in turnover (in %)	4.6%	3.0%	3.8%
Average fleet size (in number)	23	23	23.9
Gross profit (in HK\$'000)	8,711	9,919	9,269
Change in gross profit (in %)	14.3%	13.9%	-6.6%
Gross profit margin (in %)	38.9%	43.0%	38.7%
Profit for the year (in HK\$'000)	3,716	4,880	4,961
Change in profit for the year (in %)	221.5%	31.3%	1.7%

As a necessity to the general public, the demand for franchised PLB services was stable over past years, irrespective of any upturn or downturn in the economy. The growth in the number of passengers carried by green minibuses sector was 3.3%, 1.9% and 2.9% during each of the years ended 31st March 2009, 2010 and 2011.

The turnover of Central Maxicab for the year ended 31st March 2009 grew by HK\$986,000 or 4.6% to HK\$22,384,000. Although the full fare and section fare were increased at rates ranging from 4.2% to 8.3% since late May 2009, the turnover for the year ended 31st March 2010 was up by HK\$671,000 or 3.0% only because the patronage dropped slightly after the fare increase. For the year ended 31st March 2011, the turnover increased by HK\$868,000 or 3.8% to HK\$23,923,000, which was mainly attributable to the increase in number of passengers carried after enlarging the fleet size in August 2010 and January 2011.

Same as other transport operators, fuel price is one of the most critical factors to the business of Central Maxicab. Fuel costs accounted for 30.8%, 27.0% and 28.5% of total direct costs of Central Maxicab for the year ended 31st March 2009, 2010 and 2011. Since the outbreak of the global financial crisis in late 2008, the gross profit of Central Maxicab gradually recovered as a result of the drop in fuel price. However, the fuel price surged again after the financial crisis. The fuel costs of Central Maxicab followed the trend in fuel price and were down by 15.8% during the year ended 31st March 2010, but

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## LETTER FROM THE BOARD

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up by 17.9% during the year ended 31st March 2011. As a result, the gross profits of Central Maxicab were HK\$8,711,000, HK\$9,919,000 and HK\$9,269,000 for the years ended 31st March 2009, 2010 and 2011, representing increases of 14.3% and 13.9% and decrease of 6.6% respectively.

The significant improvement in profit for the year ended 31st March 2009 was mainly attributable to the increase in gross profit by HK\$1,090,000 or 14.3% and reduction in finance costs by HK\$1,473,000 or 47.6% due to a sharp decrease in market borrowing rate following the financial tsunami. The growth in profit for the year ended 31st March 2010 by HK\$1,164,000 or 31.3% was mainly attributable to the increase in gross profit as mentioned above. As for the year ended 31st March 2011, although the gross profit dropped by HK\$650,000 or 6.6% and the finance costs increased by HK\$270,000 or 19.1% due to increase in the obligation under the finance leases, the reversal of impairment loss on the Property amounting to HK\$827,000 led to a slight profit increase for the year by HK\$81,000 or 1.7%.

### *Financial Resources and Liquidity*

Central Maxicab's operations were mainly financed by proceeds from operations in the years ended 31st March 2009, 2010 and 2011. In terms of liquidity, the current ratios (current assets/current liabilities) were 1.16 times, 2.00 times and 1.66 times as at 31st March 2009, 2010 and 2011 respectively.

The gearing ratios of Central Maxicab (defined as the ratio of total liabilities to shareholders' equity and calculated based on the figures from the audited balance sheets as at 31st March 2009, 2010 and 2011) were 843%, 1,142% and 733% as at 31st March 2009, 2010 and 2011 respectively. The high gearing ratios were due to the fact that the PLB Licences were stated at cost based on the accounting policies adopted by Central Maxicab while the facilities available under the finance leases were made with reference to the fair value of the underlying assets, i.e. the PLB Licences. If the PLB Licences were all revalued on a fair value basis by reference to the market value as at 31st March 2009, 2010 and 2011, the gearing ratios of Central Maxicab would have been 90.6%, 80.0% and 69.8% as at 31st March 2009, 2010 and 2011 respectively. The drop in the gearing ratios (after revaluation of the PLB Licences) over the three years was because the fair value of the PLB Licences continued appreciating from HK\$5,690,000 per PLB Licence as at 31st March 2009 to HK\$7,450,000 per PLB Licence as at 31st March 2011, resulting in the increase of the total equity of Central Maxicab over the space of three years.

As at 31st March 2009, 2010 and 2011, Central Maxicab had banking facilities totaling HK\$67,905,000, HK\$74,271,000 and HK\$83,162,000 respectively, of which approximately HK\$64,863,000, HK\$70,778,000 and HK\$81,067,000 were utilized.

The total borrowings of Central Maxicab were as follows:

	As at 31st March		
	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000
Bank overdraft	457	8	1,405
Obligation under finance leases	<u>64,406</u>	<u>70,770</u>	<u>79,662</u>
Total borrowings	<u><u>64,863</u></u>	<u><u>70,778</u></u>	<u><u>81,067</u></u>

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## LETTER FROM THE BOARD

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The increase in total borrowings by HK\$5,915,000 or 9.1% as at 31st March 2010 was mainly attributable to the obligation under the finance leases incepted for working capital purpose. The rise in total borrowings by HK\$10,289,000 or 14.5% as at 31st March 2011 was mainly due to the increase in obligation under the finance leases for acquiring 2 PLB Licences and PLBs in the year ended 31st March 2011.

As at 31st March 2009, 2010 and 2011, the bank balances and cash of Central Maxicab were HK\$164,000, HK\$1,039,000 and HK\$83,000 respectively, and all of the balances were denominated in Hong Kong dollars.

### *Currency and Financial Risk Management*

The income of Central Maxicab is either received in cash or collected via Octopus cards by Octopus Cards Limited and remitted to Central Maxicab on the following Business Day. The operation therefore does not have any significant credit risk.

Since the income and expenditures of Central Maxicab are denominated in Hong Kong dollars, the Board does not anticipate any significant currency risk deriving from Central Maxicab's operating activities.

As for financing activities, all borrowings of Central Maxicab for the years ended 31st March 2009, 2010 and 2011 were denominated in Hong Kong dollars and on floating interest rate basis. The practice effectively eliminated the currency risk and the Board is of the view that Central Maxicab is not subject to any significant interest rate risk.

### *Pledge of Assets*

The pledged assets of Central Maxicab were as follows:

	<b>As at 31st March</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	2,616	2,209	2,884
PLB Licences	50,322	55,983	69,633

### *Contingent Liabilities*

Central Maxicab had no material contingent liabilities as at 31st March 2009, 2010 and 2011.

### *Employees and Remuneration Policies*

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of Central Maxicab. Employee benefit expenses incurred for the years ended 31st March 2009, 2010 and 2011 were HK\$7,904,000, HK\$8,134,000 and HK\$8,394,000 respectively, representing 42.3%, 44.8% and 42.1% of the total costs respectively. Apart from the basic remuneration,

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## LETTER FROM THE BOARD

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double pay and discretionary bonus were granted to eligible employees with reference to Central Maxicab's performance and individual's contribution to the company. Other benefits included retirement plan and training schemes.

The headcounts of Central Maxicab were as follows:

	As at 31st March		
	2009	2010	2011
Captains	54	54	59
Administrative staff	<u>9</u>	<u>9</u>	<u>9</u>
Total	<u><u>63</u></u>	<u><u>63</u></u>	<u><u>68</u></u>

### For the four months ended 31st July 2011

#### *Business Review*

The average fleet size increased to 25 (31st July 2010: 23) and the turnover of Central Maxicab grew by HK\$272,000 or 3.5% to HK\$8,026,000 in the four months ended 31st July 2011 (31st July 2010: HK\$7,754,000). The fuel price continued to climb during the period and the fuel costs of Central Maxicab were up by HK\$392,000 or 29.3%. As a result, the gross profit of Central Maxicab shrank by HK\$471,000 or 14.5% to HK\$2,769,000 (31st July 2010: HK\$3,240,000) and the gross profit margin dropped to 34.5% (31st July 2010: 41.8%) during the period under review. The profit for the period decreased by HK\$433,000 or 25.9% to HK\$1,238,000 (31st July 2010: HK\$1,671,000) as a result.

#### *Financial Resources and Liquidity*

Central Maxicab's operations were mainly financed by proceeds generated from operations during the four months ended 31st July 2011. In terms of liquidity, the current ratios (current assets/current liabilities) was 1.65 times as at 31st July 2011, which remained at the same level as at 31st March 2011 (31st March 2011: 1.66 times).

The gearing ratio of Central Maxicab (defined as the ratio of total liabilities to shareholders' equity and calculated based on the figures from the audited balance sheet as at 31st July 2011 was 648% (31st March 2011: 733%)). Based on the same reason above, if the PLB Licences were revalued as at 31st July 2011, the gearing ratios of Central Maxicab would have been 69.1% (31st March 2011 (revalued): 69.8%), remaining at a similar level as at 31st March 2011.

As at 31st July 2011, Central Maxicab had banking facilities totalling HK\$82,387,000 (31st March 2011: HK\$83,162,000), of which approximately HK\$79,154,000 (31st March 2011: HK\$81,067,000) was utilized.

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## LETTER FROM THE BOARD

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The total borrowings of Central Maxicab were as follows:

	<b>As at</b> <b>31st March 2011</b> <i>HK\$'000</i>	<b>As at</b> <b>31st July 2011</b> <i>HK\$'000</i>
Bank overdraft	1,405	966
Obligation under finance leases	<u>79,662</u>	<u>78,188</u>
Total borrowings	<u><u>81,067</u></u>	<u><u>79,154</u></u>

The decrease in total borrowings by HK\$1,913,000 or 2.4% to HK\$79,154,000 as at 31st July 2011 (31st March 2011: HK\$81,067,000) was attributable to the scheduled repayment. No new borrowings were incepted during the period under review.

As at 31st July 2011, the total bank balances and cash of Central Maxicab was HK\$92,000, where all of the balances were denominated in Hong Kong dollars.

### *Currency and Financial Risk Management*

The income of Central Maxicab is either received in cash or collected via Octopus cards by Octopus Cards Limited and remitted to Central Maxicab on the following Business Day. The operation therefore does not have any significant credit risk.

Since the income and expenditures of Central Maxicab are denominated in Hong Kong dollars, the Board does not anticipate any significant currency risk deriving from Central Maxicab's operating activities.

As for financing activities, all borrowings of Central Maxicab for the period ended 31st July 2011 were denominated in Hong Kong dollars and on floating interest rate basis. The practice effectively eliminated the currency risk and the Board is of the view that Central Maxicab is not subject to any significant interest rate risk.

### *Pledge of Assets*

The pledged assets of Central Maxicab were as follows:

	<b>As at</b> <b>31st March 2011</b> <i>HK\$'000</i>	<b>As at</b> <b>31st July 2011</b> <i>HK\$'000</i>
Property, plant and equipment	2,884	2,760
PLB Licences	69,633	69,633

### *Contingent Liabilities*

Central Maxicab had no material contingent liabilities as at 31st July 2011.

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## LETTER FROM THE BOARD

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### *Employees and Remuneration Policies*

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Central Maxicab. Employee benefit expenses incurred for the four months ended 31st July 2011 were HK\$2,793,000 (31st July 2010: HK\$2,631,000), representing 40.7% (31st July 2010: 43.3%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus were granted to eligible employees with reference to Central Maxicab's performance and individual's contribution to the company. Other benefits included retirement plan and training schemes.

The headcounts of Central Maxicab were as follows:

	As at 31st March 2011	As at 31st July 2011
Captains	59	58
Administrative staff	<u>9</u>	<u>9</u>
Total	<u><u>68</u></u>	<u><u>67</u></u>

### **PRINCIPAL ACTIVITIES OF THE GROUP**

The Group is principally engaged in the operations of green minibus transportation services in Hong Kong.

### **INFORMATION ON THE VENDORS**

As at the date hereof, So Sai Hung, Lo Hon Keung, Ip Po Fun, Jessie, Yip Chun, Tsui Po Keung and So Chi Hung are respectively holders of 600 shares, 400 shares, 200 shares, 200 shares, 100 shares and 100 shares in Central Maxicab, being the entire issued share capital thereof.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendors are the ultimate beneficial owners of the Sale Shares and are third parties independent of the Company and each of them is not a connected person (as defined in the Listing Rules) of the Company.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As provision of green minibus transportation service in Hong Kong constitutes the core business of the Group, which currently runs 30 routes with a total of 213 minibuses in the Southern District of Hong Kong Island (representing 61.9% of the total fleet size of the Group), the acquisition of Central Maxicab (being also a provider of minibus service in the Southern and Central District of Hong Kong Island) will enable the Group to further expand its local scheduled minibus network in the said Southern District in particular, thereby maximizing the synergy effect to the operation and strengthen the Group's share in the market as a whole.

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## LETTER FROM THE BOARD

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In view of the potential benefit the Acquisition will yield to the Group, the Board (including the independent non-executive Directors) considers that the terms thereof are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors had a material interest in the Acquisition or was required to abstain from voting on the Board resolution for considering and approving the same.

### FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, Central Maxicab will become a wholly owned subsidiary of the Company and the financial information of Central Maxicab will be consolidated into the consolidated financial statements of the Group.

As referred to in the annual report of the Group for the year ended 31st March 2011, the consolidated net assets of the Group as at 31st March 2011 was approximately HK\$323,418,000, comprising total assets of approximately HK\$510,613,000 and total liabilities of approximately HK\$187,195,000.

According to the unaudited pro forma information of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma net assets of the Enlarged Group will be approximately HK\$437,569,000, comprising unaudited pro forma total assets of approximately HK\$590,238,000 and unaudited pro forma total liabilities of approximately HK\$152,669,000.

The transaction costs for the Acquisition are estimated to be approximately HK\$650,000 which consist mainly of the professional fees and stamp duty directly attributable to the Acquisition. Based on the reasons mentioned in the paragraph headed "Reasons for and benefits of the Acquisition" above, the Directors consider that the earnings of the Group will be improved after the completion.

### LISTING RULES IMPLICATIONS

As the consideration ratio for the Acquisition calculated pursuant to the Listing Rules is more than 25% but less than 100%, the Acquisition therefore constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under rule 14.33 of the Listing Rules.

No Shareholders are required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition, the Sale & Purchase Agreement and the transaction contemplated thereunder, on 7th September 2011, and the controlling Shareholder, Skyblue Group Limited, which held 146,070,000 Shares on 7th September 2011 (representing 63.61% of the entire issued share capital of the Company) and had the right to attend and vote at such general meeting, had given to the Company its written approval for the Acquisition, the Sale & Purchase Agreement and the transaction contemplated thereunder. As such, the Company is thereby dispensed with the need to convene any Shareholders' meeting pursuant to rule 14.44 of the Listing Rules.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Acquisition and the terms of the Sale & Purchase Agreement as well as the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders support, and if a physical Shareholders' meeting were to be held, vote in favour of the relevant resolution(s) to approve the Sale & Purchase Agreement, the Acquisition and the transactions contemplated thereunder.

### FURTHER INFORMATION

Your attention is drawn to additional information set out in the appendices of this circular.

Yours faithfully,  
By Order of the Board  
**AMS Public Transport Holdings Limited**  
**Wong Man Kit**  
*Chairman*



## 1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group for the past three years was published in the annual reports below:

- (i) for the year ended 31st March 2011, it was disclosed in the annual report of the Company for the year ended 31st March 2011 published on 26th July 2011, from pages 39 to 109;
- (ii) for the year ended 31st March 2010, it was disclosed in the annual report of the Company for the year ended 31st March 2010 published on 30th July 2010, from pages 37 to 103; and
- (iii) for the year ended 31st March 2009, it was disclosed in the annual report of the Company for the year ended 31st March 2009 published on 30th July 2009, from pages 38 to 93.

All of which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.amspt.com](http://www.amspt.com)).

## 2. INDEBTEDNESS STATEMENT

### Borrowings

At the close of business on 31st August 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had total bank borrowings amounted to HK\$134,261,000, which comprised secured bank overdrafts of HK\$427,000, unsecured bank overdrafts of HK\$374,000, secured bank borrowings of HK\$55,638,000 and obligations under finance lease of HK\$77,822,000. HK\$55,638,000 of the total bank borrowings was guaranteed by the Company and the remaining balance of HK\$78,623,000 was guaranteed by two shareholders of Central Maxicab.

### Pledge of assets

As at 31st August 2011, the Enlarged Group's bank borrowings and finance lease obligations were secured by:

- (i) pledges of certain property, plant and equipment of the Enlarged Group with net book value of HK\$7,197,000; and
- (ii) pledges of certain public bus licences with an aggregate carrying value of HK\$268,200,000.

### Commitments

As at 31st August 2011, the Enlarged Group had outstanding commitments contracted but not provided for in respect of property, plant and equipment of HK\$41,000.

**Contingent liabilities**

As at 31st August 2011, the Enlarged Group has no material contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, the Enlarged Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance or acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantee at the close of business on 31st August 2011. The Directors are also not aware of any material adverse changes in the Enlarged Group's indebtedness position and contingent liabilities since 31st August 2011.

**3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Enlarged Group since 31st March 2011, the date to which the latest published audited financial statements of the Enlarged Group were made up.

**4. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the Enlarged Group's internal resources, cash flow from operations and cash proceed used for the Acquisition and the effect of the Acquisition, the Enlarged Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular.

In the course of considering the working capital sufficiency of the Enlarged Group, the Board had considered the classification of term loans as set out in HK Interpretation 5 issued by the HKICPA on 26th November 2010.

**5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP**

As the franchised PLB service is a kind of transportation necessity to the general public in Hong Kong, the Enlarged Group remains confident in the passenger demand for its existing routes in the coming future. However, the pressure from climbing operational costs, especially brought about by the rising fuel costs and staff costs, will pose another challenge to the Enlarged Group. The Enlarged Group will, on the one hand, continue to apply to the Transport Department for fare increase, and on the other hand, respond to the challenge by improving the Enlarged Group's cost efficiency, including proposing additional rationalization plans for less popular routes while strengthening the service for routes with growing demand and acquiring additional routes to achieve synergy effect.

The MTR West Island Line and South Island Line are expected to be completed in 2014 and 2015 respectively. Though some of the Enlarged Group's minibus service routes will inevitably compete against the railway, some of them will however benefit from the provision of strengthened feeder services to and from MTR stations and the ease of traffic congestions in the Aberdeen Tunnel. In order to strengthen its network for better operational efficiency and flexibility, the Enlarged Group has completed the acquisition of Hong Kong Maxicab Limited, which operates four GMB routes with 33 PLBs running between Central/Causeway Bay and the Southern District, on 1st April 2011. The

acquisition of Central Maxicab will further extend the services of the Enlarged Group from the Southern District to Central via Pokfulam Road, and thereby maximize the synergy effect to the operation, and the Enlarged Group's share in the market as a whole. Although it may take some time to restructure the new routes and to synchronize them with the existing routes to achieve a better result, the Directors remain optimistic about the future prospect of the Enlarged Group.

Upon completion of the Acquisition, Central Maxicab will contribute immediate and recurring profit as well as cashflow to the Enlarged Group, thereby improving the overall performance of the Enlarged Group.

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Grant Thornton Jingdu Tianhua, Certified Public Accountants, Hong Kong.*



20th Floor  
Sunning Plaza  
10 Hysan Avenue  
Causeway Bay  
Hong Kong

26th October 2011

The Board of Directors  
AMS Public Transport Holdings Limited

Dear Sirs,

We set out below our report on the financial information of Central Maxicab Limited (“Central Maxicab”), which comprises the balance sheets as at 31st March 2009, 2010, 2011 and 31st July 2011, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the each of the years ended 31st March 2009, 2010 and 2011 and the four months ended 31st July 2011 (the “Relevant Periods”), and the comparative financial information for the four months ended 31st July 2010 and a summary of significant accounting policies and other explanatory notes (the “Financial Information”), for inclusion in the circular of AMS Public Transport Holdings Limited (the “Company”) dated 26th October 2011 (the “Circular”) in connection with its proposed acquisition of 100% equity interest in Central Maxicab (the “Acquisition”).

Central Maxicab was incorporated in Hong Kong on 23rd January 1996 with limited liability under the Hong Kong Companies Ordinance. The principal activity of Central Maxicab is the provision of public light bus transportation services in Hong Kong. Central Maxicab has adopted 31st March as its financial year end date.

The statutory audited financial statements of Central Maxicab for each of the years ended 31st March 2009, 2010 and 2011 have been prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and were audited by T.M. Ho So & Leung CPA Limited, Certified Public Accountants.

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, based on the statutory audited financial statements for each of the years ended 31st March 2009, 2010 and 2011 and unaudited financial statements for the four months ended 31st July 2010 and 2011.

We have satisfied ourselves by carrying out our procedures as we considered necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA that any material adjustments have been incorporated into the Financial Information.

**DIRECTORS' RESPONSIBILITY**

The directors of Central Maxicab are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs, and for such internal control as the directors of Central Maxicab determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error. The directors of the Company are responsible for the contents of the Circular in which this report is included.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you.

**OPINION**

In our opinion, for the purpose of this report, all adjustments considered necessary have been made and the Financial Information gives a true and fair view of the state of affairs of Central Maxicab as at 31st March 2009, 2010, 2011 and 31st July 2011 and of Central Maxicab's results and cash flows for the Relevant Periods.

**COMPARATIVE FINANCIAL INFORMATION**

The directors of Central Maxicab are responsible for the preparation of the unaudited comparative financial information of Central Maxicab including the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the four months ended 31st July 2010 and other explanatory notes (the "Comparative Financial Information") in accordance with HKFRSs.

We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

On the basis of our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe the Comparative Financial Information is not prepared, in all material respects, in accordance with the HKFRSs.

## FINANCIAL INFORMATION

## Statements of Comprehensive Income

	Notes	Year ended 31st March			Four months ended 31st July	
		2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000
Turnover	5	22,384	23,055	23,923	7,754	8,026
Direct costs		<u>(13,673)</u>	<u>(13,136)</u>	<u>(14,654)</u>	<u>(4,514)</u>	<u>(5,257)</u>
<b>Gross profit</b>		8,711	9,919	9,269	3,240	2,769
Other revenue	6	—	—	153	—	73
Reversal of impairment loss on property, plant and equipment		—	—	827	—	—
Administrative expenses		(2,622)	(2,635)	(2,735)	(698)	(736)
Finance costs	7	<u>(1,619)</u>	<u>(1,417)</u>	<u>(1,687)</u>	<u>(531)</u>	<u>(609)</u>
<b>Profit before income tax</b>	8	4,470	5,867	5,827	2,011	1,497
Income tax expense	9	<u>(754)</u>	<u>(987)</u>	<u>(866)</u>	<u>(340)</u>	<u>(259)</u>
<b>Profit for the year/period and total comprehensive income for the year/period</b>		<u><u>3,716</u></u>	<u><u>4,880</u></u>	<u><u>4,961</u></u>	<u><u>1,671</u></u>	<u><u>1,238</u></u>

## Balance Sheets

	Notes	As at 31st March			As at
		2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	31st July 2011 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	3,144	2,508	3,115	2,979
Public light bus ("PLB") licences	14	64,803	64,803	78,453	78,453
Available-for-sale financial asset	15	30	30	30	30
		<u>67,977</u>	<u>67,341</u>	<u>81,598</u>	<u>81,462</u>
<b>Current assets</b>					
Trade and other receivables	16	421	503	701	606
Amounts due from directors	17	6,450	10,400	12,000	12,000
Bank balances and cash		164	1,039	83	92
Tax recoverable		—	—	183	—
		<u>7,035</u>	<u>11,942</u>	<u>12,967</u>	<u>12,698</u>
<b>Current liabilities</b>					
Bank overdraft		457	8	1,405	966
Obligation under finance leases	18	3,585	3,964	4,400	4,414
Trade and other payables	19	1,516	1,788	1,898	1,997
Amount due to a related company	20	127	—	127	222
Tax payable		369	208	—	87
		<u>6,054</u>	<u>5,968</u>	<u>7,830</u>	<u>7,686</u>
Net current assets		<u>981</u>	<u>5,974</u>	<u>5,137</u>	<u>5,012</u>
Total assets less current liabilities		<u>68,958</u>	<u>73,315</u>	<u>86,735</u>	<u>86,474</u>
<b>Non-current liabilities</b>					
Obligation under finance leases	18	60,821	66,806	75,262	73,774
Deferred tax liabilities	21	182	124	127	116
		<u>61,003</u>	<u>66,930</u>	<u>75,389</u>	<u>73,890</u>
<b>Net assets</b>		<u>7,955</u>	<u>6,385</u>	<u>11,346</u>	<u>12,584</u>
<b>EQUITY</b>					
Share capital	22	2	2	2	2
Retained profits		<u>7,953</u>	<u>6,383</u>	<u>11,344</u>	<u>12,582</u>
<b>Total equity</b>		<u>7,955</u>	<u>6,385</u>	<u>11,346</u>	<u>12,584</u>

## Statements of Changes in Equity

	<b>Share capital</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total equity</b> <i>HK\$'000</i>
As at 1st April 2008	----- 2	----- 4,237	----- 4,239
Total comprehensive income for the year:			
— Profit for the year	----- —	----- 3,716	----- 3,716
As at 31st March 2009 and 1st April 2009	----- 2	----- 7,953	----- 7,955
Transaction with owners:			
— 2010 interim dividend	----- —	----- (6,450)	----- (6,450)
Total comprehensive income for the year:			
— Profit for the year	----- —	----- 4,880	----- 4,880
As at 31st March 2010 and 1st April 2010	----- 2	----- 6,383	----- 6,385
Total comprehensive income for the year:			
— Profit for the year	----- —	----- 4,961	----- 4,961
As at 31st March 2011 and 1st April 2011	----- 2	----- 11,344	----- 11,346
Total comprehensive income for the period:			
— Profit for the period	----- —	----- 1,238	----- 1,238
As at 31st July 2011	===== 2	===== 12,582	===== 12,584
As at 1st April 2010 (audited)	----- 2	----- 6,383	----- 6,385
Total comprehensive income for the period (unaudited):			
— Profit for the period	----- —	----- 1,671	----- 1,671
As at 31st July 2010 (unaudited)	===== 2	===== 8,054	===== 8,056



## Statements of Cash Flows

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
<b>Cash flows from operating activities</b>					
Profit before income tax	4,470	5,867	5,827	2,011	1,497
Adjustments for:					
Depreciation	901	642	560	171	143
Interest expenses	1,619	1,417	1,687	531	609
Reversal of impairment loss on property, plant and equipment	—	—	(827)	—	—
Operating profit before working capital changes	6,990	7,926	7,247	2,713	2,249
Decrease/(Increase) in trade and other receivables	17	(82)	(198)	27	95
Increase in amounts due from directors	(800)	(3,950)	(1,600)	—	—
Increase/(Decrease) in trade and other payables	18	272	110	(51)	99
Increase/(Decrease) in amount due to a related company	37	(127)	127	109	95
Cash generated from operations	6,262	4,039	5,686	2,798	2,538
Interest paid	(65)	(33)	(45)	(5)	(25)
Income tax paid	(444)	(1,206)	(1,254)	—	—
Net cash from operating activities	5,753	2,800	4,387	2,793	2,513
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(10)	(6)	(340)	(180)	(7)
Purchase of PLB licences	—	—	(2,650)	(1,250)	—
Net cash used in investing activities	(10)	(6)	(2,990)	(1,430)	(7)
<b>Cash flows from financing activities</b>					
Capital element of finance lease payments	(3,450)	(3,636)	(7,108)	(1,349)	(1,474)
Interest element of finance lease payments	(1,554)	(1,384)	(1,642)	(526)	(584)
Proceeds from new borrowings	—	10,000	5,000	—	—
Dividend paid	—	(6,450)	—	—	—
Net cash used in financing activities	(5,004)	(1,470)	(3,750)	(1,875)	(2,058)

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	739	1,324	(2,353)	(512)	448
Cash and cash equivalents at the beginning of the year/period	<u>(1,032)</u>	<u>(293)</u>	<u>1,031</u>	<u>1,031</u>	<u>(1,322)</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u><u>(293)</u></u>	<u><u>1,031</u></u>	<u><u>(1,322)</u></u>	<u><u>519</u></u>	<u><u>(874)</u></u>
<b>Analysis of cash and cash equivalents</b>					
Bank balances and cash	164	1,039	83	529	92
Bank overdraft	<u>(457)</u>	<u>(8)</u>	<u>(1,405)</u>	<u>(10)</u>	<u>(966)</u>
	<u><u>(293)</u></u>	<u><u>1,031</u></u>	<u><u>(1,322)</u></u>	<u><u>519</u></u>	<u><u>(874)</u></u>

## Notes to the Financial Information

### 1. GENERAL INFORMATION

Central Maxicab Limited ("Central Maxicab") is a limited liability company incorporated in Hong Kong. The address of its registered office and principal place of business is Flat D, 19/F., Hung Kei Mansion, 5–8 Queen Victoria Street, Central, Hong Kong.

The principal activity of Central Maxicab is the provision of PLB transportation services in Hong Kong.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The Financial Information on page 20 to 44 has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. The Financial Information also includes the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

For the purpose of preparing the Financial Information, Central Maxicab has adopted all applicable HKFRSs that are relevant to Central Maxicab and are effective for the accounting period beginning on 1st April 2011.

The significant accounting policies that have been used in the preparation of this Financial Information are summarised below. These policies have been consistently applied throughout the Relevant Periods and the four months ended 31st July 2010.

The Financial Information has been prepared on the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4.

#### 2.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the following methods and rates per annum:

Straight-line method:		
Land		Over the unexpired lease term
Building		4%
Reducing-balance method:		
Furniture and fixtures		20%
Public light buses		30%
Motor vehicle		30%
Leasehold improvement		20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

### 2.3 PLB licences

PLB licences, which represent freely-transferrable licences to provide PLB transportation services in Hong Kong, are stated in the balance sheet at cost less any accumulated impairment losses.

The directors consider that the PLB licences have indefinite useful lives and accordingly, PLB licences are not amortised. The useful lives of PLB licences are subject to annual assessment to determine whether events and circumstances continue to support an indefinite useful life for such asset.

### 2.4 Financial assets

Central Maxicab's financial assets included loans and receivables and available-for-sale financial asset. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every balance sheet date.

All financial assets are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

#### *Available-for-sale financial asset*

Available-for-sale investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

#### *Impairment of financial assets*

At each balance sheet date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

*Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

*Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Impairment losses on financial assets other than trade receivables that are stated at amortised cost are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the company is satisfied that recovery of trade receivable is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

## **2.5 Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand. For the purpose of the statements of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the company's cash management.

## **2.6 Financial liabilities**

Central Maxicab's financial liabilities include bank overdraft, obligation under finance leases, trade and other payables and amount due to a related company.

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

*Trade and other payables and amount due to a related company*

They are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method.

## 2.7 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the company*

Assets that are held by the company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

(ii) *Assets acquired under finance leases*

Where the company acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the lease so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Assets leased out under operating leases as the lessor*

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset.

## 2.8 Provisions

Provisions are recognised when company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## 2.9 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

## 2.10 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services and the use by others of the company's assets yielding rental income. Provided it is probable that the economic benefits will flow to the company and the revenue and cost, if applicable, can be measured reliably, revenue is recognised as follows:

PLB services income is recognised upon provision of the services.

Rental income is recognised on a straight-line basis over the lease periods.

Advertising income is recognised upon provision of the services.

## 2.11 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grant relating to the purchase of property, plant and equipment is accounted for by deducting the grant in arriving at the carrying amount of the asset. The government grant is recognised as income over the life of the related asset by way of a reduced depreciation charge.

## 2.12 Impairment of non-financial assets

Property, plant and equipment and PLB licences are subject to impairment testing.

Property, plant and equipment are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable. PLB licences with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment losses is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.13 Employee benefits

#### *Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans.

Central Maxicab operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme"), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The obligations under these plans are limited to the fixed percentage contributions payable.

#### *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### 2.14 Borrowing costs

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

### 2.15 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.



### 2.16 Segment reporting

Central Maxicab identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the business components and for their review of the performance of those components.

Based on the internal financial information reported to the executive directors that are used to make strategic decision, the only operating segment is the provision of PLB transportation services. No separate analysis of the reportable segment profit/loss before income tax, reportable segment assets and reportable segment liabilities by operating segment are presented.

Geographical information is not presented as all revenue is generated in Hong Kong and all assets are located in Hong Kong.

### 2.17 Related parties

For the purposes of the Financial Information, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

## 3. ADOPTION OF NEW OR AMENDED HKFRSs

At the date of issue of the Financial Information, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by Central Maxicab.

The directors anticipate that all of the pronouncements will be adopted in the company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new or amended HKFRSs that are expected to have impact on the company's accounting policies is provided below. Certain other new or amended HKFRSs have been issued but are not expected to have a material impact on the company's financial statements.

### HKFRS 9 Financial instruments

The standard is effective for annual periods beginning on or after 1st January 2013.

Under HKFRS 9, all recognised financial assets that are within the scope of the HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have

contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The directors are currently assessing the possible impact of the new standard on the company's results and financial position in the first year of application.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. Estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Depreciation of property, plant and equipment

The company depreciates property, plant and equipment on straight-line and reducing balance bases over the estimated useful lives, after taking into account of their estimated residual values. The estimated useful lives reflects the directors' best estimate of the periods that the company intends to derive future economic benefits from the use of the company's property, plant and equipment.

#### 5. TURNOVER

Turnover represents the consideration received and receivable from the provision of PLB transportation services in Hong Kong.

The customer base is diversified and no customer with each of whom transactions have exceeded 10% of the total revenue during the Relevant Periods and the four months ended 31st July 2010.

#### 6. OTHER REVENUE

	Year ended 31st March			Four months ended 31st July	
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000
Advertising income	—	—	—	—	73
Rental income	—	—	153	—	—
	—	—	153	—	73

## 7. FINANCE COSTS

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank overdraft wholly repayable within five years	65	33	45	5	25
Finance charges on obligation under finance leases	<u>1,554</u>	<u>1,384</u>	<u>1,642</u>	<u>526</u>	<u>584</u>
	<u>1,619</u>	<u>1,417</u>	<u>1,687</u>	<u>531</u>	<u>609</u>

## 8. PROFIT BEFORE INCOME TAX

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before income tax is arrived at after charging:					
Fuel cost	4,210	3,545	4,181	1,337	1,729
Depreciation					
— own assets	222	128	102	33	36
— leased assets	679	514	458	138	107
Auditors' remuneration	<u>25</u>	<u>26</u>	<u>28</u>	<u>—</u>	<u>—</u>

## 9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the Relevant Periods and the four months ended 31st July 2010.

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax — Hong Kong					
Current year/period	838	1,045	863	338	270
Deferred tax					
Current year/period	<u>(84)</u>	<u>(58)</u>	<u>3</u>	<u>2</u>	<u>(11)</u>
Total income tax expense	<u>754</u>	<u>987</u>	<u>866</u>	<u>340</u>	<u>259</u>

Reconciliation between tax expense and accounting profit at applicable tax rate:

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before income tax	4,470	5,867	5,827	2,011	1,497
Tax at Hong Kong profits tax rate of 16.5%	738	968	962	332	247
Tax effect of non-deductible expenses	14	17	17	7	9
Tax effect of non-taxable revenue	—	—	(136)	—	—
Others	2	2	23	1	3
Income tax expense	754	987	866	340	259

#### 10. DIVIDENDS

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interim dividend of HK\$4,031 per ordinary share for year ended 31st March 2010 (Year ended 31st March 2009 and 2011 and four months ended 31st July 2010 and 2011: HK\$nil)	—	6,450	—	—	—

#### 11. EMPLOYEE BENEFIT EXPENSES (including directors' emoluments)

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries and allowances	7,581	7,819	8,118	2,601	2,712
Pension costs — defined contribution plan	323	315	276	30	81
	7,904	8,134	8,394	2,631	2,793

## 12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

## Directors' emoluments

	Directors' fee <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Retirement scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31st March 2009:				
So Sai Hung	—	682	12	694
So Chi Hung	—	349	12	361
Tsui Po Keung	—	73	3	76
Lo Hon Keung	—	164	8	172
Yip Chun	—	—	—	—
Ip Po Fun, Jessie	—	—	—	—
	<u>—</u>	<u>1,268</u>	<u>35</u>	<u>1,303</u>
Year ended 31st March 2010:				
So Sai Hung	—	682	12	694
So Chi Hung	—	353	12	365
Tsui Po Keung	—	72	3	75
Lo Hon Keung	—	164	8	172
Yip Chun	—	—	—	—
Ip Po Fun, Jessie	—	—	—	—
	<u>—</u>	<u>1,271</u>	<u>35</u>	<u>1,306</u>
Year ended 31st March 2011:				
So Sai Hung	—	682	12	694
So Chi Hung	—	368	12	380
Tsui Po Keung	—	67	4	71
Lo Hon Keung	—	164	8	172
Yip Chun	—	—	—	—
Ip Po Fun, Jessie	—	—	—	—
	<u>—</u>	<u>1,281</u>	<u>36</u>	<u>1,317</u>
Four months ended 31st July 2010 (unaudited):				
So Sai Hung	—	207	4	211
So Chi Hung	—	111	4	115
Tsui Po Keung	—	24	1	25
Lo Hon Keung	—	52	3	55
Yip Chun	—	—	—	—
Ip Po Fun, Jessie	—	—	—	—
	<u>—</u>	<u>394</u>	<u>12</u>	<u>406</u>
Four months ended 31st July 2011:				
So Sai Hung	—	207	4	211
So Chi Hung	—	113	4	117
Tsui Po Keung	—	—	—	—
Lo Hon Keung	—	52	3	55
Yip Chun	—	—	—	—
Ip Po Fun, Jessie	—	—	—	—
	<u>—</u>	<u>372</u>	<u>11</u>	<u>383</u>

**Five highest paid individuals**

The five individuals whose emoluments were the highest in Central Maxicab for the Relevant Periods and the four months ended 31st July 2010 include two directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals during the Relevant Periods and the four months ended 31st July 2010 are as follows:

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries and allowances	621	657	670	218	224
Pension costs — defined contribution plan	<u>28</u>	<u>30</u>	<u>30</u>	<u>10</u>	<u>11</u>
	<u>649</u>	<u>687</u>	<u>700</u>	<u>228</u>	<u>235</u>

The emoluments fell within the following bands:

	Year ended 31st March			Four months ended 31st July	
	2009	2010	2011	2010	2011
	No. of individuals				
	(unaudited)				
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

**13. PROPERTY, PLANT AND EQUIPMENT**

	Land and building	Furniture and fixtures	Public light buses	Motor vehicle	Leasehold improvement	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 1st April 2008</b>						
Cost	2,353	517	8,295	200	76	11,441
Accumulated depreciation and impairment losses	<u>(1,298)</u>	<u>(353)</u>	<u>(5,566)</u>	<u>(132)</u>	<u>(57)</u>	<u>(7,406)</u>
Net book amount	<u>1,055</u>	<u>164</u>	<u>2,729</u>	<u>68</u>	<u>19</u>	<u>4,035</u>
<b>Year ended 31st March 2009</b>						
Opening net book amount	1,055	164	2,729	68	19	4,035
Additions	—	10	—	—	—	10
Depreciation	<u>(23)</u>	<u>(35)</u>	<u>(819)</u>	<u>(20)</u>	<u>(4)</u>	<u>(901)</u>
Closing net book amount	<u>1,032</u>	<u>139</u>	<u>1,910</u>	<u>48</u>	<u>15</u>	<u>3,144</u>
<b>As at 31st March 2009 and 1st April 2009</b>						
Cost	2,353	527	8,295	200	76	11,451
Accumulated depreciation and impairment losses	<u>(1,321)</u>	<u>(388)</u>	<u>(6,385)</u>	<u>(152)</u>	<u>(61)</u>	<u>(8,307)</u>
Net book amount	<u>1,032</u>	<u>139</u>	<u>1,910</u>	<u>48</u>	<u>15</u>	<u>3,144</u>

	Land and building HK\$'000	Furniture and fixtures HK\$'000	Public light buses HK\$'000	Motor vehicle HK\$'000	Leasehold improvement HK\$'000	Total HK\$'000
<b>Year ended 31st March 2010</b>						
Opening net book amount	1,032	139	1,910	48	15	3,144
Additions	—	6	—	—	—	6
Depreciation	(23)	(29)	(573)	(14)	(3)	(642)
Closing net book amount	<u>1,009</u>	<u>116</u>	<u>1,337</u>	<u>34</u>	<u>12</u>	<u>2,508</u>
<b>As at 31st March 2010 and 1st April 2010</b>						
Cost	2,353	533	8,295	200	76	11,457
Accumulated depreciation and impairment losses	(1,344)	(417)	(6,958)	(166)	(64)	(8,949)
Net book amount	<u>1,009</u>	<u>116</u>	<u>1,337</u>	<u>34</u>	<u>12</u>	<u>2,508</u>
<b>Year ended 31st March 2011</b>						
Opening net book amount	1,009	116	1,337	34	12	2,508
Additions	—	11	329	—	—	340
Depreciation	(23)	(25)	(500)	(10)	(2)	(560)
Reversal of impairment loss	827	—	—	—	—	827
Closing net book amount	<u>1,813</u>	<u>102</u>	<u>1,166</u>	<u>24</u>	<u>10</u>	<u>3,115</u>
<b>As at 31st March 2011 and 1st April 2011</b>						
Cost	2,353	544	8,624	200	76	11,797
Accumulated depreciation	(540)	(442)	(7,458)	(176)	(66)	(8,682)
Net book amount	<u>1,813</u>	<u>102</u>	<u>1,166</u>	<u>24</u>	<u>10</u>	<u>3,115</u>
<b>Four months ended 31st July 2011</b>						
Opening net book amount	1,813	102	1,166	24	10	3,115
Additions	—	7	—	—	—	7
Depreciation	(16)	(7)	(117)	(2)	(1)	(143)
Closing net book amount	<u>1,797</u>	<u>102</u>	<u>1,049</u>	<u>22</u>	<u>9</u>	<u>2,979</u>
<b>As at 31st July 2011</b>						
Cost	2,353	551	8,624	200	76	11,804
Accumulated depreciation	(556)	(449)	(7,575)	(178)	(67)	(8,825)
Net book amount	<u>1,797</u>	<u>102</u>	<u>1,049</u>	<u>22</u>	<u>9</u>	<u>2,979</u>

The land and building is situated in Hong Kong under long-term lease.

The company has made a reversal of impairment loss of HK\$827,000 during the year ended 31 March 2011. The company assessed the recoverable amount of land and building by reference to the recent market transactions of similar properties.

At each balance sheet date, the net book values of property, plant and equipment that are held under finance leases are as follows:

	2009 HK\$'000	As at 31st March		As at 31st July
		2010 HK\$'000	2011 HK\$'000	2011 HK\$'000
Public light buses	<u>1,584</u>	<u>1,200</u>	<u>1,071</u>	<u>963</u>

At each balance sheet date, the net book values of property, plant and equipment pledged as security for banking facilities granted to Central Maxicab are as follows:

	2009 HK\$'000	As at 31st March		As at 31st July
		2010 HK\$'000	2011 HK\$'000	2011 HK\$'000
Land and building	<u>1,032</u>	<u>1,009</u>	<u>1,813</u>	<u>1,797</u>

#### 14. PLB LICENCES

	2009 HK\$'000	As at 31st March		As at 31st July
		2010 HK\$'000	2011 HK\$'000	2011 HK\$'000
Cost:				
At the beginning of the year/period	64,803	64,803	64,803	78,453
Additions	<u>—</u>	<u>—</u>	<u>13,650</u>	<u>—</u>
At the end of the year/period	<u>64,803</u>	<u>64,803</u>	<u>78,453</u>	<u>78,453</u>

PLB licences are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to Central Maxicab. PLB licences are stated at cost less accumulated impairment losses.

At each balance sheet date, the net book values of PLB licences that are held under finance leases are as follows:

	2009 HK\$'000	As at 31st March		As at 31st July
		2010 HK\$'000	2011 HK\$'000	2011 HK\$'000
PLB licences	<u>50,322</u>	<u>55,983</u>	<u>69,633</u>	<u>69,633</u>

#### 15. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2009 HK\$'000	As at 31st March		As at 31st July
		2010 HK\$'000	2011 HK\$'000	2011 HK\$'000
Unlisted shares, at cost	30	30	30	30
Less: provision for impairment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>



The amount represents 2% equity interest of Green Maxicab Limited, a company engaged in the provision of PLB transportation services, which is incorporated in Hong Kong.

#### 16. TRADE AND OTHER RECEIVABLES

	As at 31st March			As at
	2009	2010	2011	31st July
	HK\$'000	HK\$'000	HK\$'000	2011
				HK\$'000
Trade receivable	65	69	70	159
Less: provision for impairment	—	—	—	—
	65	69	70	159
Deposits and prepayments	356	434	631	447
	421	503	701	606

The directors consider that the fair values of the trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Central Maxicab's turnover is attributable to PLB services which is received in cash or collected by Octopus Cards Limited and remitted to Central Maxicab on the next business day of the service rendered. The ageing analysis of trade receivable is as follows:

	As at 31st March			As at
	2009	2010	2011	31st July
	HK\$'000	HK\$'000	HK\$'000	2011
				HK\$'000
0 to 30 days	65	69	70	159

At each balance sheet date, Central Maxicab reviewed receivable for evidence of impairment. Based on this assessment, no impairment loss has been recognised for the years ended 31st March 2009, 2010, 2011 and four months ended 31st July 2011.

At each balance sheet date, the trade receivable is neither past due nor impaired.

#### 17. AMOUNTS DUE FROM DIRECTORS

The amounts due are unsecured, interest-free and repayable on demand. The carrying amount of the amounts due approximates its fair value.

Details of amounts due from directors are as follows:

Name of director	As at 31st March			As at
	2009	2010	2011	31st July
	HK\$'000	HK\$'000	HK\$'000	2011
				HK\$'000
So Sai Hung	2,419	3,900	4,500	4,500
Lo Hon Keung	1,613	2,600	3,000	3,000
Yip Chun	806	1,300	1,500	1,500
So Chi Hung	403	650	750	750
Tsui Po Keung	403	650	750	750
Ip Po Fun, Jessie	806	1,300	1,500	1,500
	6,450	10,400	12,000	12,000



## 19. TRADE AND OTHER PAYABLES

	<b>2009</b>	<b>As at 31st March</b>		<b>As at 31st July</b>
	<i>HK\$'000</i>	<b>2010</b>	<b>2011</b>	<b>2011</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	277	322	424	472
Accruals and other payables	<u>1,239</u>	<u>1,466</u>	<u>1,474</u>	<u>1,525</u>
	<u>1,516</u>	<u>1,788</u>	<u>1,898</u>	<u>1,997</u>

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

	<b>2009</b>	<b>As at 31st March</b>		<b>As at 31st July</b>
	<i>HK\$'000</i>	<b>2010</b>	<b>2011</b>	<b>2011</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	<u>277</u>	<u>322</u>	<u>424</u>	<u>472</u>

All amounts are short-term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair value.

## 20. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company under common control, Lo Keung Motor Repair is unsecured, interest-free and repayable on demand. The carrying amount of the amounts due approximates its fair value.

## 21. DEFERRED TAX LIABILITIES

The movement in the deferred tax liabilities is as follows:

	<b>2009</b>	<b>As at 31st March</b>		<b>As at 31st July</b>
	<i>HK\$'000</i>	<b>2010</b>	<b>2011</b>	<b>2011</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accelerated tax depreciation:				
At the beginning of the year/period	266	182	124	127
Recognised in profit or loss	<u>(84)</u>	<u>(58)</u>	<u>3</u>	<u>(11)</u>
At the end of the year/period	<u>182</u>	<u>124</u>	<u>127</u>	<u>116</u>

## 22. SHARE CAPITAL

	<b>Number of shares</b>	<b>HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$1 each		
As at 1st April 2008, 31st March 2009, 31st March 2010, 31st March 2011 and 31st July 2011	<u>10,000</u>	<u>10</u>
<b>Issued and fully paid:</b>		
As at 1st April 2008, 31st March 2009, 31st March 2010, 31st March 2011 and 31st July 2011	<u>1,600</u>	<u>2</u>

**23. RELATED PARTY TRANSACTIONS**

Save as disclosed elsewhere in the Financial Information, during the Relevant Periods and the four months ended 31st July 2010, Central Maxicab had the following significant transactions with its related parties:

	Year ended 31st March			Four months ended 31st July	
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000
				<i>(unaudited)</i>	
<b>Lo Keung Motor Repair, a related company under common control:</b>					
Repairing charges paid	<u>1,444</u>	<u>1,557</u>	<u>1,944</u>	<u>561</u>	<u>680</u>

As at 31st March 2009, 2010, 2011 and 31st July 2011, the directors of Central Maxicab have provided personal guarantee of HK\$89,308,000, HK\$102,104,000, HK\$111,201,000 and HK\$117,743,000 respectively for securing the general banking facilities granted to Central Maxicab.

The compensation to the key management personnel (being the directors of Central Maxicab) during the Relevant Periods and the four months ended 31st July 2010 is disclosed in note 12.

**24. NON-CASH TRANSACTIONS**

Central Maxicab entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$11,000,000 and HK\$5,500,000 (unaudited) for the year ended 31st March 2011 and four months ended 31st July 2010 respectively.

**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS**

Central Maxicab is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include price risk, interest rate risk, credit risk and liquidity risk.

Central Maxicab adopts conservative strategies on its risk management and seeks to limit the exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks. Central Maxicab has not used any derivatives and other instruments for hedging purposes.

**25.1 Categories of financial assets and liabilities**

	2009 HK\$'000	As at 31st March		As at 31st July 2011 HK\$'000
		2010 HK\$'000	2011 HK\$'000	
<b>Financial assets:</b>				
Available-for-sale financial asset	30	30	30	30
Loans and receivables:				
— Trade and other receivables	83	87	88	177
— Amounts due from directors	6,450	10,400	12,000	12,000
— Bank balances and cash	<u>164</u>	<u>1,039</u>	<u>83</u>	<u>92</u>
	<u>6,727</u>	<u>11,556</u>	<u>12,201</u>	<u>12,299</u>
<b>Financial liabilities:</b>				
At amortised cost:				
Bank overdraft	457	8	1,405	966
Obligation under finance leases	64,406	70,770	79,662	78,188
Trade and other payables	1,516	1,788	1,898	1,997
Amount due to a related company	<u>127</u>	<u>—</u>	<u>127</u>	<u>222</u>
	<u>66,506</u>	<u>72,566</u>	<u>83,092</u>	<u>81,373</u>

**25.2 Price risk**

Central Maxicab is exposed to fuel price risk. At each balance sheet date, Central Maxicab did not have any hedging policies over its anticipated fuel consumption. The management continues to closely monitor the changes in market condition.

**25.3 Interest rate risk**

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate risk arises primarily from bank overdraft and finance lease liabilities.

It is estimated that a decrease/increase of 50 basis point in interest rate, with all other variables remaining constant, Central Maxicab's equity and profit after tax would increase/decrease by approximately HK\$325,000, HK\$359,000, HK\$406,000, HK\$377,000 (unaudited) and HK\$396,000 for the years ended 31st March 2009, 2010 and 2011 and four months ended 31st July 2010 and 2011 respectively. The 50 basis point increase or decrease represents the management's assessment of a reasonable possible change in interest rates over the periods until the next annual balance sheet date.

Central Maxicab currently does not have an interest rate hedging policy. However, the management continues to closely monitor the interest rate exposure and changes in market condition.

**25.4 Liquidity risk**

Liquidity risk relates to the risk that Central Maxicab will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Central Maxicab's prudent policy is to regularly monitor its current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short term and longer term.

Analysed below are the remaining contractual maturities for its financial liabilities as at the balance sheet date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when Central Maxicab is required to pay. Where settlement of the liability is in instalments, each instalment is allocated to the earliest period in which Central Maxicab is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Within 1 year or on demand <i>HK\$'000</i>	Over 1 year but within 2 years <i>HK\$'000</i>	Over 2 years but within 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
<b>At 31st March 2009</b>						
Bank overdraft	457	—	—	—	457	457
Obligation under finance leases	4,931	4,931	14,791	51,181	75,834	64,406
Trade and other payables	1,516	—	—	—	1,516	1,516
Amount due to a related company	127	—	—	—	127	127
	<u>7,031</u>	<u>4,931</u>	<u>14,791</u>	<u>51,181</u>	<u>77,934</u>	<u>66,506</u>
<b>At 31st March 2010</b>						
Bank overdraft	8	—	—	—	8	8
Obligation under finance leases	5,454	5,454	16,361	56,631	83,900	70,770
Trade and other payables	1,788	—	—	—	1,788	1,788
	<u>7,250</u>	<u>5,454</u>	<u>16,361</u>	<u>56,631</u>	<u>85,696</u>	<u>72,566</u>

	Within 1 year or on demand <i>HK\$'000</i>	Over 1 year but within 2 years <i>HK\$'000</i>	Over 2 years but within 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
<b>At 31st March 2011</b>						
Bank overdraft	1,405	—	—	—	1,405	1,405
Obligation under finance leases	6,092	6,092	18,171	64,931	95,286	79,662
Trade and other payables	1,898	—	—	—	1,898	1,898
Amount due to a related company	127	—	—	—	127	127
	<u>9,522</u>	<u>6,092</u>	<u>18,171</u>	<u>64,931</u>	<u>98,716</u>	<u>83,092</u>
<b>At 31st July 2011</b>						
Bank overdraft	966	—	—	—	966	966
Obligation under finance leases	6,064	6,092	18,171	62,901	93,228	78,188
Trade and other payables	1,997	—	—	—	1,997	1,997
Amount due to a related company	222	—	—	—	222	222
	<u>9,249</u>	<u>6,092</u>	<u>18,171</u>	<u>62,901</u>	<u>96,413</u>	<u>81,373</u>

### 25.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to Central Maxicab.

The maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the balance sheet date as summarised in note 25.1 above.

The credit risk for bank balances and deposits is considered negligible as the counterparties are reputable banks.

The income receipt of PLB operation is on cash basis or collected by Octopus Cards Limited and remitted to Central Maxicab on the next business day, thus, the operation does not have any significant credit risk.

## 26. CAPITAL MANAGEMENT

Central Maxicab's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

Central Maxicab actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, Central Maxicab may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

## 27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Central Maxicab in respect of any period subsequent to 31st July 2011.

Yours faithfully,  
**Grant Thornton Jingdu Tianhua**  
*Certified Public Accountants*

**INTRODUCTION**

The following is an illustrative and unaudited pro forma consolidated balance sheet of the Enlarged Group (the “Unaudited Pro Forma Consolidated Balance Sheet”) which has been prepared by the Directors in accordance with paragraph 14.67 of the Listing Rules, to provide information about how the Acquisition of a 100% equity interest in Central Maxicab might have affected the financial position of the Group as if the Acquisition had been completed on 31st March 2011.

The Unaudited Pro Forma Consolidated Balance Sheet has been prepared based on the unaudited pro forma consolidated balance sheet of the Remaining Group (as defined in a circular on Very Substantial Disposal published by the Company on 13th July 2011 (the “VSD Circular”) as at 31st March 2011 as set forth in the VSD circular and the audited balance sheet of Central Maxicab as at 31st July 2011 as set forth in the Accountants’ Report of Central Maxicab included in Appendix II to this circular, after making certain pro forma adjustments that are (i) directly attributable to the Acquisition and (ii) factually supportable, as further described in the accompanying notes.

The Unaudited Pro Forma Consolidated Balance Sheet is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the hypothetical nature of the Unaudited Pro Forma Consolidated Balance Sheet, it may not give a true picture of the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31st March 2011. Furthermore, the Unaudited Pro Forma Consolidated Balance Sheet does not purport to predict the future financial position of the Enlarged Group.

The Unaudited Pro Forma Consolidated Balance Sheet should be read in conjunction with the financial information of the Group, accountants’ report of Central Maxicab as set out in Appendices I and II respectively to this circular and “The unaudited pro forma financial information on the Remaining Group” as set out in Appendix III of the VSD Circular and other financial information included elsewhere in this circular.

## Unaudited Pro Forma Consolidated Balance Sheet

	Unaudited pro forma consolidated balance sheet of the	Audited balance sheet of Central Maxicab	Combined total	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Enlarged Group as at
	Remaining Group (as defined in the VSD Circular) as at 31st March 2011 <i>HK\$'000</i> <i>(Note 1)</i>	31st July 2011 <i>HK\$'000</i> <i>(Note 2)</i>		<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i> <i>(Note 4)</i>	31st March 2011 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>						
<b>Non-current assets</b>						
Property, plant and equipment	15,653	2,979	18,632			18,632
PLB Licences	163,900	78,453	242,353	105,547		347,900
Goodwill	9,118	—	9,118		27,293	36,411
Available-for-sale financial asset	—	30	30			30
Deferred tax assets	26	—	26			26
	188,697	81,462	270,159			402,999
<b>Current assets</b>						
Trade and other receivables	37,823	606	38,429			38,429
Amounts due from directors	—	12,000	12,000		(12,000)	—
Tax recoverable	934	—	934			934
Bank balances and cash	285,434	92	285,526		(137,650)	147,876
	324,191	12,698	336,889			187,239
<b>Current liabilities</b>						
Borrowings	3,062	966	4,028		77,034	81,062
Obligation under finance leases	—	4,414	4,414		(4,414)	—
Trade and other payables	17,167	1,997	19,164		(1,997)	17,167
Amount due to a related company	—	222	222		(222)	—
Tax payable	465	87	552		(87)	465
	20,694	7,686	28,380			98,694
<b>Net current assets</b>	303,497	5,012	308,509			88,545
<b>Total assets less current liabilities</b>	492,194	86,474	578,668			491,544
<b>Non-current liabilities</b>						
Borrowings	53,845	—	53,845			53,845
Obligation under finance leases	—	73,774	73,774		(73,774)	—
Deferred tax liabilities	130	116	246		(116)	130
	53,975	73,890	127,865			53,975
<b>Net assets</b>	<u>438,219</u>	<u>12,584</u>	<u>450,803</u>			<u>437,569</u>
<b>EQUITY</b>						
Share capital	22,750	2	22,752		(2)	22,750
Reserves	415,469	12,582	428,051	105,547	(118,779)	414,819
<b>Total equity</b>	<u>438,219</u>	<u>12,584</u>	<u>450,803</u>			<u>437,569</u>



*Notes to the Unaudited Pro Forma Consolidated Balance Sheet:*

1. The financial information is extracted from the unaudited pro forma consolidated balance sheet of the Remaining Group (as defined in the VSD Circular) as at 31st March 2011 as set forth in the VSD Circular.
2. The financial information is extracted from the audited balance sheet of Central Maxicab as at 31st July 2011 as set forth in the accountants' report of Central Maxicab included in Appendix II to this circular.
3. Being adjustment to align Central Maxicab's accounting policy of the PLB Licences with the accounting policy adopted by the Group. Central Maxicab adopted the cost model in accordance with Hong Kong Accounting Standard 38 "Intangible Assets" ("HKAS 38") in accounting for the PLB Licences as at 31st July 2011 while the PLB Licences of the Group were accounted for using the revaluation model in accordance with HKAS 38 as at 31st March 2011. If the PLB Licences of Central Maxicab were accounted for using revaluation model on 31st July 2011, the total carrying value of the PLB Licences of Central Maxicab as at 31st July 2011 would have been HK\$184,000,000. Therefore, the amount of adjustment to balance of the PLB Licences of Central Maxicab is HK\$105,547,000, being the difference between the accounting of the PLB Licences under cost model and revaluation model.
4. The Acquisition is to be accounted for as a business combination in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3 (Revised)"). For the purposes of the preparation of the unaudited pro forma financial information, the fair values of the net assets acquired, except the PLB Licences which are stated at fair value as explained in Note 3 above, of Central Maxicab are assumed to be the same as their carrying amounts as at 31st July 2011 as set out in the Appendix II of this circular.

The adjustment to goodwill is estimated as follows:

	<i>HK\$'000</i>
Consideration	
— by cash	137,000
— by bank loans	<u>78,000</u>
	215,000
Less: Fair value of the net assets of Central Maxicab acquired	12,584
Fair value adjustment of PLB Licences as explained in Note 3 above	105,547
Fair value of <i>(Note (i))</i> :	
(1) obligation under finance leases to be repaid by the Purchaser in full on behalf of the Vendors	78,188
(2) all liabilities except obligation under finance leases to be discharged by Central Maxicab prior to Completion Date	3,388
Written off of amounts due from directors of Central Maxicab	<u>(12,000)</u>
Goodwill <i>(Note (ii))</i>	<u><u>27,293</u></u>

- (i) Pursuant to the Sale & Purchase Agreement, the Vendors must procure Central Maxicab to complete the absolute discharge of all liabilities, penalties and outstanding debts of Central Maxicab (save and except for the obligation under finance leases in respect of the Minibuses which will be repaid by the Purchaser in full on behalf of the Vendors), and of encumbrance and mortgage charged on the Property before the completion.
- (ii) An impairment testing conducted in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36") issued by the Hong Kong Institute of Certified Public Accountants involves the determination of the recoverable amount of the cash generating unit to which the goodwill has been allocated, being the higher of the cash generating unit's fair value less costs to sell and its value in use. For the purpose of the preparation of the Unaudited Pro Forma Consolidated Balance Sheet, the Directors have estimated the value in use of Central Maxicab and assessed that there was no indication of impairment of goodwill arising from Acquisition and hence no impairment was required.

On the Completion Date, the identifiable assets and liabilities of Central Maxicab to be acquired will be stated at fair values in accordance HKFRS 3 (Revised). Accordingly, the actual goodwill at the completion may be substantially different from the amount presented above.

- (iii) The transaction costs for the Acquisition are estimated to be approximately HK\$650,000 which consist mainly of the professional fees and stamp duty directly attributable to the Acquisition. The transaction costs will be paid by cash.

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Grant Thornton Jingdu Tianhua, Certified Public Accountants, Hong Kong.*



20th Floor  
Sunning Plaza  
10 Hysan Avenue  
Causeway Bay  
Hong Kong

26th October 2011

The Board of Directors  
AMS Public Transport Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of AMS Public Transport Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), together with Central Maxicab Limited (“Central Maxicab”, collectively with the Group referred to as the “Enlarged Group”) set out on pages 46 to 48 of the circular of the Company dated 26th October 2011 (the “Circular”), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed acquisition of 100% equity interest in Central Maxicab might have affected the financial information presented. The basis of preparation of the unaudited pro forma financial information is set out on pages 45 to 48 of the Circular.

#### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE REPORTING ACCOUNTANTS**

It is the responsibilities solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

#### **BASIS OF OPINION**

We concluded our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial

information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited pro forma financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31st March 2011 had the acquisition of the Central Maxicab actually been completed on that date or any future dates.

#### **OPINION**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
**Grant Thornton Jingdu Tianhua**  
*Certified Public Accountants*

## 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 Group. 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.

## DISCLOSURE OF INTERESTS

### Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange are as follows:

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(1) The Company					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	160,677,000	60.42%
	Long position	Beneficial owner	Personal	2,502,500	0.94%
	Long position	Spouse of Ms. Ng Sui Chun	Family	11,025,300	4.15%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	160,677,000	60.42%
	Long position	Beneficial owner	Personal	11,025,300	4.15%
	Long position	Spouse of Mr. Wong Man Kit	Family	2,502,500	0.94%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	160,677,000	60.42%
	Long position	Beneficial owner	Personal	2,502,500	0.94%
	Long position	Spouse of Ms. Loo Natasha Christie	Family	352,000	0.13%
Mr. Chan Man Chun	Long position	Beneficial owner	Personal	3,954,500	1.49%
	Long position	Spouse of Ms. Chan Lai Ling	Family	220,000	0.08%
Ms. Wong Wai Sum, May (Note a)	Long position	Beneficiary of a discretionary trust	Other	160,677,000	60.42%
	Long position	Beneficial owner	Personal	2,497,000	0.94%

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
Dr. Lee Peng Fei, Allen	Long position	Beneficial owner	Personal	330,000	0.12%
Dr. Chan Yuen Tak Fai, Dorothy	Long position	Beneficial owner	Personal	330,000	0.12%
Mr. Kwong Ki Chi	Long position	Beneficial owner	Personal	330,000	0.12%
(2) Skyblue Group Limited					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	2	100%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	2	100%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	2	100%
Ms. Wong Wai Sum, May (Note a)	Long position	Beneficiary of a discretionary trust	Other	2	100%
(3) Metro Success Investments Limited					
Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	100	100%
Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	100	100%
Mr. Wong Ling Sun, Vincent (Note a)	Long position	Beneficiary of a discretionary trust	Other	100	100%
Ms. Wong Wai Sum, May (Note a)	Long position	Beneficiary of a discretionary trust	Other	100	100%
(4) All Wealth Limited					
Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	1	100%
Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	1	100%
Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	1	100%
Ms. Wong Wai Sum, May (Note c)	Long position	Beneficiary of a discretionary trust	Other	1	100%

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(5)	A.I. International Holdings Limited				
Mr. Wong Man Kit ( <i>Note c</i> )	Long position	Founder of a discretionary trust	Other	6	100%
Ms. Ng Sui Chun ( <i>Notes b &amp; c</i> )	Long position	Beneficiary of a discretionary trust	Other	6	100%
Mr. Wong Ling Sun, Vincent ( <i>Note c</i> )	Long position	Beneficiary of a discretionary trust	Other	6	100%
Ms. Wong Wai Sum, May ( <i>Note c</i> )	Long position	Beneficiary of a discretionary trust	Other	6	100%
(6)	Maxson Transportation Limited				
Mr. Wong Man Kit ( <i>Note c</i> )	Long position	Founder of a discretionary trust	Other	180,000	60%
	Long position	Spouse of Ms. Ng Sui Chun	Family	30,000	10%
Ms. Ng Sui Chun ( <i>Notes b &amp; c</i> )	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long position	Beneficial owner	Personal	30,000	10%
Mr. Wong Ling Sun, Vincent ( <i>Note c</i> )	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long position	Beneficial owner	Personal	45,000	15%
Ms. Wong Wai Sum, May ( <i>Note c</i> )	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long position	Beneficial owner	Personal	15,000	5%
(7)	Hong Kong & China Transportation Consultants Limited				
Mr. Wong Man Kit ( <i>Note c</i> )	Long position	Founder of a discretionary trust	Other	6,000	60%
	Long position	Spouse of Ms. Ng Sui Chun	Family	1,000	10%
Ms. Ng Sui Chun ( <i>Notes b &amp; c</i> )	Long position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long position	Beneficial owner	Personal	1,000	10%
Mr. Wong Ling Sun, Vincent ( <i>Note c</i> )	Long position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long position	Beneficial owner	Personal	1,500	15%
Ms. Wong Wai Sum, May ( <i>Note c</i> )	Long position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long position	Beneficial owner	Personal	500	5%

*Notes:*

- (a) As at the Latest Practicable Date, a total of 160,677,000 Shares were held by Skyblue Group Limited (“**Skyblue**”), which is a wholly owned subsidiary of Metro Success Investments Limited (“**Metro Success**”). Metro Success is a wholly owned subsidiary of JETSUN UT Company (PTC) Limited (“**JETSUN**”), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited (“**HSBCITL**”) as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Man Kit is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May.
- (b) Ms. Ng Sui Chun is one of the discretionary objects of the discretionary trust as mentioned in note (a) above and she personally held a long position of 11,025,300 Shares as at the Latest Practicable Date.
- (c) All Wealth Limited, A.I. International Holdings Limited, Maxson Transportation Limited and Hong Kong & China Transportation Consultants Limited (collectively the “**Associated Corporations**”) are associated corporations of the Company within the meaning of Part XV of the SFO by virtue of Metro Success’s interests in the entire issued share capital of each of the Associated Corporations. Mr. Wong Man Kit, being the settlor of The JetSun Trust, and Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May being the discretionary objects of The JetSun Trust, are deemed to be interested in all the Associated Corporations.

Save as disclosed above, none of the Directors and chief executive of the Company had any interest and short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange as at the Latest Practicable Date.

**Directors’ interest in service contracts**

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Enlarged Group which was not determinable within 1 year without payment of compensation, other than statutory compensation.

**Directors’ interests in competing businesses**

Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent are directors and beneficial owners of Big Three Limited. Big Three Limited is engaged in the provision of public light bus transportation services in Hong Kong, which constitutes a competing business to the Group.

The Board has established procedures to identify any conflict of interests due to the directorships and ownership of Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent in Big Three Limited. If conflict of interests arises, Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May (being members of the Wong Family) will abstain from voting on the Board. Also, the Wong Family has entered into a deed of non-competition dated 22nd March 2004, in which the Wong Family irrevocably undertakes to the Company that the Wong Family shall not carry on or be engaged in, concerned with or interested in, directly or indirectly, any transportation related business or investment unless such business or investment has been disclosed and first offered to the Company and rejected by the Company after being reviewed by the independent non-executive Directors.



The Group is therefore capable of carrying on its businesses independently, and at arm's length from the said competing business.

#### **Directors' interests in assets and/or arrangement**

As at the Latest Practicable Date, a number of the Directors had interests in the following contracts with the Enlarged Group:

- (a) Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May (together with their family members), all being executive Directors, were indirectly interested in a minibus leasing agreement entered into between a wholly owned subsidiary of the Company, as lessee and Maxson Transportation Limited, Hong Kong & China Transportation Consultants Limited and Glory Success Transportation Limited as lessors, at daily rental rates of HK\$740 per minibus aged within 2 years, HK\$630 per minibus aged over 2 years but within 5 years, HK\$480 per minibus aged over 5 years but within 7 years and HK\$460 per minibus aged over 7 years. The lessors are beneficially owned and controlled by the major shareholders, the Wong Family. The total minibus hire charges incurred under the minibus leasing agreement were HK\$26,553,000 during the period from 1st April 2011 to the Latest Practicable Date;
- (b) Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, all being executive Directors, were indirectly interested in a minibus service agreement entered into between a wholly owned subsidiary of the Company as service provider and companies beneficially owned and controlled by the major shareholders, the Wong Family, as service users, at a consideration of HK\$700 per minibus per month. The total agency fee income received under the minibus service agreement was HK\$1,226,000 during the period from 1st April 2011 to the Latest Practicable Date;
- (c) Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, all being executive Directors, were indirectly interested in motor vehicle repair and maintenance service contracts entered into between a wholly owned subsidiary of the Company as service provider, and five respective companies beneficially owned and controlled by the major shareholders, the Wong Family, or its member(s), as service users. The tariff of the repair and maintenance service is quoted on a case-by-case basis and depends on the level of complexity of the repair and maintenance work. The total repair and maintenance service income received under these contracts was HK\$600 during the period from 1st April 2011 to the Latest Practicable Date;
- (d) Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Ms. Wong Wai Sum, May, all being executive Directors, were indirectly interested in 3 management service agreements entered into between a wholly owned subsidiary of the Company and three companies respectively, which are beneficially owned and controlled by the major shareholders, the Wong Family, or its member(s), at a consideration of approximately HK\$45,000 per month. The total management fee income received from these management contracts was HK\$277,000 during the period from 1st April 2011 to the Latest Practicable Date.

Save as aforesaid, none of the Directors had any direct or indirect interests in any assets which have been since 31st March 2011 (being the date to which the latest audited consolidated accounts of the Group was made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group. Also, save as aforesaid, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Enlarged Group subsisting as at the Latest Practicable Date.

### Substantial Shareholder's interests

As at the Latest Practicable Date, so far as known to the Directors and the chief executive of the Company, persons other than the Directors or chief executive of the Company, who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as particularized below.

Long positions in the Shares and underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Name of Shareholders		Number of Shares/ underlying Shares held	Percentage
HSBCITL	<i>(Note a)</i>	160,677,000	60.42%
JETSUN	<i>(Note a)</i>	160,677,000	60.42%
Metro Success	<i>(Note a)</i>	160,677,000	60.42%
Skyblue	<i>(Note a)</i>	160,677,000	60.42%
HSBC Trustee (Cook Islands) Limited ("HTCIL")	<i>(Notes b&amp;c)</i>	13,500,000	5.08%
The Seven International Holdings Limited ("SIHL")	<i>(Notes b&amp;c)</i>	13,500,000	5.08%
The Seven Capital Limited ("SCL")	<i>(Notes b&amp;c)</i>	13,500,000	5.08%
Mawer Investment Management Ltd	<i>(Note c)</i>	13,744,399	5.17%

*Notes:*

- (a) As at the Latest Practicable Date, a total of 160,677,000 Shares were held by Skyblue, a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBCITL as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL.
- (b) As at the Latest Practicable Date, a total of 13,500,000 Shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HTCIL.
- (c) Figures obtained from the disclosure information filed with and published by the Stock Exchange.

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

Save as disclosed above, so far as known to the Directors and chief executive of the Company, there were no other persons other than the Directors or chief executive of the Company, who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group as at the Latest Practicable Date.

#### EXPERT AND CONSENT

The following is the qualification of the expert who had given opinion or advice which is contained in this circular:

Name	Qualification
Grant Thornton Jingdu Tianhua	Certified Public Accountants

Grant Thornton Jingdu Tianhua had given and had not withdrawn its consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included as at the Latest Practicable Date.

As at the Latest Practicable Date, Grant Thornton Jingdu Tianhua did not have any shareholding in any member of the Group and did not 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.

#### LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against the Enlarged Group.

#### MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by member(s) of the Enlarged Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the sale and purchase agreement dated 18th February 2011 entered into between Gurnard Holdings Limited (a wholly owned subsidiary of the Company) as purchaser and Mr. Ma Kiu Sang, Mr. Ma Kiu Mo and Mr. Ma Kiu Man, Vince together as vendors, whereby a consideration of HK\$32,000,000 was paid by Gurnard Holdings Limited to the said vendors for the acquisition of 100% equity interest and shareholders' loan in Hong Kong Maxicab Limited ("**Maxicab Agreement**"). Details of the transaction were set out in the announcement of the Company dated 18th February 2011;

- (b) the agreement for the sale of the Company's entire shareholding in Elegant Sun Group Limited dated 27th April 2011 entered into between the Company and Trans-Island Limousine Service Limited in relation to the said disposal ("**Elegant Sun Agreement**"), whereby a consideration of HK\$300,000,000 was paid by Trans-Island Limousine Service Limited to the Company in respect thereof. Details of the transaction were given in the announcement and circular of the Company dated 27th April 2011 and 13th July 2011 respectively; and
- (c) the Sale & Purchase Agreement.

#### **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 Enlarged Group since 31st March 2011 (being the date to which the latest audited accounts of the Enlarged Group were made up).

#### **MISCELLANEOUS**

- (a) The company secretary of the Company is Ms. Wong Ka Yan, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the head office and principal place of business of the Company in Hong Kong is at 11th–12th Floor, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong. The transfer office of the Company is situated at Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

#### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at 11th–12th Floor, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong during the normal business hours from the date of this circular up to and including 15th November 2011:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31st March 2010 and 31st March 2011;
- (c) the Maxicab Agreement;
- (d) the Elegant Sun Agreement;
- (e) the Sale & Purchase Agreement;
- (f) the financial information of the Group, the text of which is set out in Appendix I to this circular;

- (g) the accountants' report on Central Maxicab, the text of which is set out in Appendix II to this circular;
- (h) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;
- (i) the letter of consent from Grant Thornton Jingdu Tianhua;
- (j) the written approval of the controlling shareholder of the Company, Skyblue Group Limited, dated 7th September 2011; and
- (k) this circular.