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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)

MINIBUS LEASING AGREEMENT CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 31 of this circular.

A notice convening the EGM to be held at Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Hong Kong on 26 March 2012 at 3:00 p.m. is set out on pages 41 to 42 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon. In order to be valid, the proxy form of the Shareholders must be deposited by hand or by post to Union Registrars Limited, the share registrar of the Company in Hong Kong, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting in person at the EGM (or any adjournment thereof) if you so wish.

9 March 2012

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DEFINITIONS

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

“All Wealth”	All Wealth Limited, a company incorporated in the BVI and wholly-owned by Metro Success;
“associates”	shall have the meaning as prescribed under the Listing Rules;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Company”	AMS Public Transport Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“EGM”	extraordinary general meeting to be held by the Company to approve, among other things, the New Minibus Leasing Agreement (and the transactions thereunder) and the New Annual Cap;
“First Original Minibus Leasing Agreement”	leasing agreement dated 22 March 2004 and entered into between the Owners and the Lessee in relation to, among other things, the leasing of PLBs from the Owners to the Lessee for a term from 1 April 2003 to 31 March 2006;
“Glory Success”	Glory Success Transportation Limited (捷匯運輸有限公司), a company incorporated in Hong Kong and wholly-owned by Mr. Wong, Ms. Ng and Mr. Vincent Wong;
“Green Minibus(es)”	minibus(es) licensed to carry a maximum number of 16 passengers that provide scheduled services with fixed routes, fares, vehicle allocation, frequency and service hours stipulated by the Transport Department of Hong Kong;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region;
“HKCT”	Hong Kong & China Transportation Consultants Limited (中港運輸顧問有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong;

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“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi;
“Independent Financial Adviser”	Investec Capital Asia Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the New Minibus Leasing Agreement and the New Annual Cap;
“Independent Shareholders”	has the meaning ascribed to it under Rule 14A.10(5) of the Listing Rules;
“JETSUN”	JETSUN UT Company (PTC) Limited, a company incorporated in the BVI and the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining unit is owned by Mr. Vincent Wong;
“Latest Practicable Date”	29 February 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Lessee”	Gurnard Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Maxson”	Maxson Transportation Limited (萬誠運輸有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong;
“Metro Success”	Metro Success Investments Limited, a company incorporated in the BVI and wholly-owned by JETSUN;
“Monthly Administration Fee”	the monthly administration fee payable by the Owners to the Lessee for the service provided by the Lessee in arranging on behalf of the Owners for taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased by the Owners to the Lessee;
“Mr. Vincent Wong”	Mr. Wong Ling Sun, Vincent, an executive Director and the son of Mr. Wong and Ms. Ng;

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“Mr. Wong”	Mr. Wong Man Kit, an executive Director and the chairman of the Company and the spouse of Ms. Ng;
“Ms. Cecilia Wong”	Ms. Wong Wai Sze, Cecilia, the daughter of Mr. Wong and Ms. Ng;
“Ms. May Wong”	Ms. Wong Wai Sum, May, an executive Director and the daughter of Mr. Wong and Ms. Ng;
“Ms. Ng”	Ms. Ng Sui Chun, an executive Director and the spouse of Mr. Wong;
“Ms. Vivian Wong”	Ms. Wong Wai Man, Vivian, the daughter of Mr. Wong and Ms. Ng;
“New Annual Cap”	shall have the meaning as more particularly stated in the section headed “New Annual Cap” of the letter from the Board in this circular;
“New Minibus Leasing Agreement”	leasing agreement dated 16 February 2012 and entered into between the Owners and the Lessee, details of which are stated in the section headed “Details of the continuing connected transactions” of the letter from the Board in this circular;
“Owners”	Maxson, Glory Success and HKCT;
“PLB(s)”	minibus(es) licensed to carry a maximum of 16 passengers that are owned by the Owners and leased to the Lessee under the New Minibus Leasing Agreement;
“Prospectus”	the prospectus of the Company dated 30 March 2004;
“Second Original Minibus Leasing Agreement”	leasing agreement dated 8 February 2006 and entered into between the Owners and the Lessee in relation to, among other things, the leasing of the PLBs from the Owners to the Lessee for a term from 1 April 2006 to 31 March 2009;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	shall have the meaning as prescribed under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and “subsidiaries” shall be construed accordingly;

DEFINITIONS

“The JetSun Trust”	The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are members of the Wong Family (excluding Mr. Wong);
“Third Original Minibus Leasing Agreement”	leasing agreement dated 18 February 2009 and entered into between the Owners and the Lessee in relation to, among other things, the leasing of the PLBs from the Owners to the Lessee for a term from 1 April 2009 to 31 March 2012;
“Trustee”	HSBC International Trustee Limited;
“Vigers”	Vigers Appraisal & Consulting Limited, registered professional surveyors and business valuers; and
“Wong Family”	Mr. Wong, Ms. Ng and their son, Mr. Vincent Wong, and their daughters Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong.

LETTER FROM THE BOARD



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

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

Principal Place of Business in Hong Kong:

11–12th Floors

Abba Commercial Building

223 Aberdeen Main Road

Aberdeen

Hong Kong

9 March 2012

To the Shareholders

Dear Sir or Madam,

**MINIBUS LEASING AGREEMENT
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

It was announced by the Company on 16 February 2012 that, among other things, the Owners and the Lessee had entered into the New Minibus Leasing Agreement on 16 February 2012.

BACKGROUND

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

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

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

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

As the Third Original Minibus Leasing Agreement will soon expire, the Owners and the Lessee entered into the New Minibus Leasing Agreement on 16 February 2012 based on the terms and conditions of the Third Original Minibus Leasing Agreement with a view to renewing the leasing arrangements for another term of 2.5 years running from 1 April 2012 to 30 September 2014. Such shorter term is adopted with a view to, if applicable, rendering the next renewal appropriate in terms of timing to be considered and approved (if thought fit) by the Independent Shareholders at the annual general meeting of the Company for the year 2014, and thus a separate extraordinary general meeting can be dispensed with which will then save the Shareholders from the inconvenience arising from their attending a separate and additional meeting and will minimize the administrative costs in holding such meeting.

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

The purpose of this circular is to provide you with information regarding (among other things) (i) the New Minibus Leasing Agreement; (ii) the reasons for entering into the New Minibus Leasing Agreement; (iii) the New Annual Cap; and (iv) the opinions and recommendations of the Independent Board Committee and the Independent Financial Adviser in relation to the New Minibus Leasing Agreement and the New Annual Cap.

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DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

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

Date: 16 February 2012

Parties: (i) Maxson
(ii) Glory Success
(iii) HKCT

(Maxson, Glory Success and HKCT, individually referred to as an “**Owner**” or collectively as “**Owners**”)

(iv) the Lessee

Lease: Each of the Owners agrees to lease and the Lessee agrees to accept the PLBs for lease.

Term: From 1 April 2012 to 30 September 2014, both days inclusive.

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

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

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(note 1: The daily rental includes vehicle licence fees and insurance premium.

note 2: Under the New Minibus Leasing Agreement, Classes 3 to 5 are consolidated into a single Class 2 in which a uniform daily rental rate applies.

note 3: According to the appraisal conducted by Vigers, the average rentals prevailing in the market for PLBs within the age of 2 years (including the age of 2 years) and over the age of 2 years are HK\$800 and HK\$704 per day respectively. In view of the long-standing cooperation between the Group and the Owners in the leasing of the PLBs, the Owners are willing to accept a lower rental rate under Class 2 (over the age of 2 years) at HK\$700 per day, which is a round-off figure of the average market rate of HK\$704 per day.)

Benchmark
Table:

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

Additional
seats:

In case of a change in the laws in Hong Kong resulting in an increase in the permitted number of passengers in PLBs, the Owners have agreed, at their own costs, to arrange for installation of additional seats and any related refitting to the PLBs so that the maximum carrying capacity can be achieved, and the Benchmark Table will be revised as per negotiation of the Owners and the Lessee. If the parties fail to reach such an agreement, the Lessee and the Owners shall jointly appoint an independent valuer to assess the prevailing market rentals for the PLBs as refitted by the Owners and the Benchmark Table shall be adjusted according to such prevailing market rentals as assessed by the independent valuer, whose decision shall be final and conclusive.

Number of
PLBs:

269 PLBs.

The parties may by written agreement vary the number of PLBs to be leased, add or remove any PLB or replace any PLB with another PLB provided that the rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table and provided always that the Owners shall be obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 313 upon request of the Lessee.

(note: As at the Latest Practicable Date, there are 269 PLBs leased by the Owners to the Lessee under the Third Original Minibus Leasing Agreement.)

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Right of first refusal: Under the New Minibus Leasing Agreement, the Lessee has the right of first refusal if any of the Owners proposes to sell or otherwise dispose of any of the PLBs during the term of the New Minibus Leasing Agreement. If the Lessee opts not to purchase the PLBs or it has failed to give such Owner a reply notice indicating whether it would purchase the PLBs, the Owner may sell the PLBs to the third party purchaser.

Each of the Owners has undertaken that, in such case, it will only sell or dispose of the PLB to the third party purchaser on terms and at the price no more favourable to the purchaser than the terms and the price as previously offered to the Lessee and on condition that (unless such condition is waived by the Lessee) the sale shall be subject to the existing lease, or the purchaser shall enter into a new lease with the Lessee on terms which are no less favourable to the Lessee as compared to the existing lease.

Insurance and vehicle licence: The Lessee has agreed to arrange on behalf of the Owners for taking out and maintaining relevant insurance policies covering at least third party risks, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased under the New Minibus Leasing Agreement, subject to reimbursement of the fees and expenses by the Owners. In consideration of such services, the Owners shall pay to the Lessee a Monthly Administration Fee of HK\$700 per PLB. Such fee shall be deducted from the rentals for the PLBs.

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

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

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

In connection therewith, the Owners shall procure that such third party(ies) and/or member(s) shall irrevocably submit to be bound by and act in accordance with the terms of the New Minibus Leasing Agreement as if it were a party(ies) thereto.

The terms of the New Minibus Leasing Agreement were arrived at after arm's length negotiation between the parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the New Minibus Leasing Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Under the New Minibus Leasing Agreement, the rentals of the PLBs have increased as compared to the Third Original Minibus Leasing Agreement. Such rentals are determined with reference to the average rentals of 16-seated minibuses prevailing in the market.

In this connection, the Company has appointed Vigers to appraise the average rentals prevailing in the market for PLBs. Vigers stated in its valuation report that it is of the view that the rentals of the PLBs to be paid by the Lessee under the New Minibus Leasing Agreement reasonably reflect the prevailing market rates for 16-seated minibuses.

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

(note: "Market value" is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion", while "market approach" considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions.)

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

- the market approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions;
- the cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes; and
- the income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

As explained by Vigers in its valuation report, the market approach was adopted since the cost approach, which accounts for the replacement cost of an asset, has limitation in determining the market value of the rental payment for the lease of 16-seated minibuses. As for the income approach, it appears to have linkage with the rental payment as a return on the value of asset, but an observable market rate on return on the lease of 16-seated minibuses is a prerequisite. Further, the income approach is worth considering only if there is no comparable transaction observed in the market. Therefore Vigers considered that the market approach would provide a reasonable basis for the subject appraisal due to the following reasons:

- there exists a market, though not necessarily a well-structured market, for the leasing of 16-seated minibuses (the “**Minibus Leasing Market**”) that provides sufficient information on the market rental;
- the market transaction provides explicit indication on the dollar amount of rental payment instead of the return on the leasing of 16-seated minibuses; and
- the data from the Minibus Leasing Market, as collected from market participants, suggested homogenous results on rental of 16-seated minibuses that can be concluded from the vehicle’s age.

Given the existence of comparable and sufficient market data, the consistency in the results and the conformity of the market participants, Vigers concluded that the use of the market approach is appropriate.

Vigers’ survey on the daily rental reflects the actual market transaction and provides strong evidence on the market rentals of the PLBs. In conducting the appraisal, Vigers has made the following major assumptions: (i) there will be no material change in existing political, legal, technological, fiscal or economic condition, which will adversely affect the operation of PLBs under concern; (ii) the market position and the competitiveness of the Company do not change significantly during the valuation

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period; (iii) there will not be uncontrollable factor in short term which could adversely affect the Company and its business; and (iv) the market trend and conditions for the 16-seated minibus operation in Hong Kong will not deviate significantly from the economic forecasts in general.

Further, as stated in note 2 under the “Rentals” section above, classes 3 to 5 of the PLBs are consolidated into one single class 2 in which a uniform daily rental rate applies. The reason for such consolidation is that there is in practice no significant difference in the rental rates of minibuses among different age groups in the market, except owners generally tend to charge higher rentals for newer minibuses and lessees generally tend to be willing to pay a slightly higher rental rate for newer minibuses as the repairing costs for such minibuses are usually lower. In particular, Vigers observed that there is insignificant difference in the repairing and maintenance costs for minibuses among older age groups, and that an average rental is reflective of the market rate for older minibuses in different age groups. Vigers further reported its finding that the current practice in the market is inclined to the leasing of a group of minibuses of different ages, and owners and lessees usually adopt the approach of payment of average rental. In view of the above observation, Vigers believes that the current categorization (viz. 2 classes using the age of 2 years as boundary) under the New Minibus Leasing Agreement is reasonable and in line with the prevailing market trend.

The Directors (including the independent non-executive Directors) are of the view that the rentals payable for the PLBs under the New Minibus Leasing Agreement are fair and reasonable in view of (i) the professional advice and independence of Vigers and the Independent Financial Adviser; (ii) the minimal difference between such rentals and the prevailing market rate rentals; and (iii) the operational support rendered to the Group to run its core business as a Green Minibus routes operator as a going concern.

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

REASONS FOR AND FINANCIAL IMPLICATION OF THE NEW MINIBUS LEASING AGREEMENT

As disclosed in the Prospectus, the Directors consider that the use of more leased 16-seated minibuses for use as Green Minibuses will strengthen the Group’s role as a Green Minibus routes operator instead of as an investor in 16-seated minibus licences. Furthermore, in view of the past cooperation between the Group and the Owners, the Directors believe that the New Minibus Leasing Agreement will continue to facilitate the Group in focusing its business of Green Minibus routes operation and will therefore be in the interests of the Group and the Shareholders as a whole.

As demonstrated in the comparison table under the “Rentals” section above, there is an increase in rentals of the PLBs under the New Minibus Leasing Agreement as compared to the Third Original Minibus Leasing Agreement (as well as the Second Original Minibus Leasing Agreement and the First Original Minibus Leasing Agreement). For the sake of better understanding of the financial implication of the New Minibus Leasing Agreement on the Group in practice, a detailed table showing the

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difference in rentals of the PLBs payable under the Third Original Minibus Leasing Agreement and the New Minibus Leasing Agreement calculated on the basis of the number of PLBs leased as at the Latest Practicable Date and their respective age is appended below:

Class	Number of PLBs	Daily rental payable under the Third Original Minibus Leasing Agreement <i>(in HK\$)</i>	Total rentals payable under the Third Original Minibus Leasing Agreement <i>(in HK\$'000)</i>	Daily rental payable under the New Minibus Leasing Agreement <i>(in HK\$)</i>	Total rentals payable under the New Minibus Leasing Agreement <i>(in HK\$'000)</i>
2 years or below	4	740	1,081	800	1,168
Over 2 years but within 5 years	34	630	7,818	700	8,687
Over 5 years but within 7 years	85	480	14,892	700	21,717
Over 7 years	<u>146</u>	460	<u>24,513</u>	700	<u>37,303</u>
Total	<u><u>269</u></u>		<u><u>48,304</u></u>		<u><u>68,875</u></u>

As shown in the above table, the total rentals of the PLBs payable under the New Minibus Leasing Agreement before deduction of applicable tax, as compared to the Third Original Minibus Leasing Agreement, will increase by approximately HK\$20,571,000.

Such increase in rentals of the PLBs under the New Minibus Leasing Agreement will essentially lead to higher costs and expenses of the Group in running its business of Green Minibus routes operation. The Directors are therefore of the view that such increased rentals would be financially significant to the Group. Having said that, as mentioned above, such increased rentals of the PLBs under the New Minibus Leasing Agreement reasonably reflect the market rates (which are reported by Vigers in its valuation report). It is further worth highlighting that the consolidation of the different age classes of over two years as originally provided under the Third Original Minibus Leasing Agreement is for the sake of getting in line with the prevailing market practice where owners no longer see any significant differences in the daily rental rates for minibuses among the different age groups over two years old. Given that the uniform daily rental of HK\$700 payable under the New Minibus Leasing Agreement for the three original age classes of over 2 years is the same as the prevailing market rate as concluded by Vigers, the Directors are of the view that the new uniform rental rate of HK\$700 per day under the New Minibus Leasing Agreement for PLBs over the age of 2 years is still fair and reasonable, notwithstanding that the majority of PLBs subject to lease fall within the original age classes of over 5 years and that such new uniform rental rate of HK\$700 per day is significantly higher than the daily rental rates payable under the Third Original Minibus Leasing Agreement for the original age classes of over 5 years.

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All in all, the Directors consider that such increase in rentals is reasonable and justified under the current market condition, and that notwithstanding such increase in rentals, the New Minibus Leasing Agreement will still be in the interests of the Group and the Shareholders as a whole as the leasing of PLBs is essential to the continuation of the Group's core business of Green Minibus routes operation.

ORIGINAL ANNUAL CAPS

The original annual caps for the amount payable by the Lessee to the Owners under the First Original Minibus Leasing Agreement, the Second Original Minibus Leasing Agreement and the Third Original Minibus Leasing Agreement are HK\$60,000,000 for each of the three financial years from 1 April 2003 to 31 March 2006 and HK\$74,000,000 for each of the three financial years from 1 April 2006 to 31 March 2009 and HK\$66,700,000 for each of the three financial years from 1 April 2009 to 31 March 2012 respectively.

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

	Year ended 31 March 2004 (audited)	Year ended 31 March 2005 (audited)	Year ended 31 March 2006 (audited)	Year ended 31 March 2007 (audited)	Year ended 31 March 2008 (audited)	Year ended 31 March 2009 (audited)	Year ended 31 March 2010 (audited)	Year ended 31 March 2011 (audited)	Eleven months ended 29 February 2012 (unaudited)
Rentals paid by the Lessee to the Owners (HK\$'000)	41,231	44,935	49,987	51,447	53,650	54,104	52,277	50,712	43,754

NEW ANNUAL CAP

The Directors estimate that (1) the annual rentals payable by the Lessee to the Owners for each of the first two financial years ending 31 March 2013 and 2014 respectively under the New Minibus Leasing Agreement will not exceed HK\$78,100,000; and (2) the rentals payable under the New Minibus Leasing Agreement for the six months ending 30 September 2014 will not exceed HK\$40,487,000. Such figures have been arrived at by reference to the daily rentals of the PLBs payable in accordance with the Benchmark Table, the expected growth in the fleet size and demand of leased PLBs and the actual rentals paid by the Group under the First Original Minibus Leasing Agreement, the Second Original Minibus Leasing Agreement and the Third Original Minibus Leasing Agreement since 31 March 2003. After deduction of the Monthly Administration Fee of HK\$700 per PLB, the Directors estimate that the rentals payable under the New Minibus Leasing Agreement (1) will not exceed HK\$75,563,000 for each of the first two financial years ending 31 March 2013 and 2014 respectively; and (2) will not exceed HK\$39,181,000 for the six months ending 30 September 2014. The Directors consider that a 10% buffer on such estimated amounts of rentals of the PLBs payable by the Group (after deduction of the Monthly Administration Fee of HK\$700 per PLB) is necessary as it provides flexibility for the Group to meet unexpected circumstances, including the replacement of older PLBs by new PLBs, addition of PLBs to be leased and any possible adjustment to the market rentals payable by the Group under the Benchmark Table as a result of an annual review of the Benchmark Table which may be required by the independent non-executive Directors. Having taken into account the 10% buffer, the Directors expect that the rentals payable under the New Minibus Leasing Agreement (after deduction of the Monthly

LETTER FROM THE BOARD

Administration Fee of HK\$700 per PLB) (1) will not exceed HK\$83,119,000 for each of the first two financial years ending 31 March 2013 and 2014 respectively; and (2) will not exceed HK\$43,099,000 for the six months ending 30 September 2014 (collectively, “**New Annual Cap**”).

INFORMATION ON THE GROUP AND THE OWNERS AND LISTING RULES IMPLICATIONS

The Group is principally engaged in the operation of green minibus services in Hong Kong. The Owners are principally engaged in minibus leasing business in Hong Kong.

Glory Success is owned as to 50% by Mr. Wong and 30% by Mr. Vincent Wong, and the remaining 20% by Ms. Ng. Mr. Wong, Mr. Vincent Wong and Ms. Ng are Directors and thus connected persons of the Company. According to the Listing Rules, Glory Success is an associate of Mr. Wong, Mr. Vincent Wong and Ms. Ng and thus also a connected person of the Company.

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

In light of the aforesaid, the transactions between the Owners (i.e. Glory Success, Maxson and HKCT) and the Lessee under the New Minibus Leasing Agreement constitute continuing connected transactions of the Company. As the relevant percentage ratios of the New Annual Cap are higher than the thresholds set out in Rules 14A.33 and 14A.34 of the Listing Rules, the transactions under the New Minibus Leasing Agreement and the New Annual Cap are subject to reporting, announcement and annual review requirements and the approval of the Company’s Independent Shareholders at the EGM.

Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, all being executive Directors and each having a material interest in the New Minibus Leasing Agreement and the transactions thereunder, had abstained from voting on the Board resolution passed on 16 February 2012 for approving the same. None of the other Directors has a material interest in the New Minibus Leasing Agreement and the transactions thereunder or was required to abstain from voting on such Board resolution.

EGM

The Company will convene the EGM at Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Hong Kong on 26 March 2012 at 3:00 p.m. for considering and, if thought fit, passing the resolutions for the approval of the transactions under the New Minibus Leasing Agreement and the New Annual Cap by the Independent Shareholders by way of poll. Skyblue Group Limited, holding 157,677,000 shares, representing approximately 59.24% of the shareholding in the Company, and being a company interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust), as well as Mr. Wong, Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May

LETTER FROM THE BOARD

Wong and Ms. Vivian Wong (all of whom are members of the Wong Family and Shareholders) and their respective associates will abstain from voting at the EGM. Mr. Wong Man Chiu (the younger brother of Mr. Wong) and Ms. Wong Pik Kwan (the elder sister of Mr. Wong), both of whom are Shareholders, will also abstain from voting at the EGM. A notice of the EGM is set out on pages 41 to 42 of this circular.

A form of proxy is also enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Union Registrars Limited, the share registrar of the Company in Hong Kong, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

RECOMMENDATION

As set out in its letter to the Independent Shareholders, based on the advice of the Independent Financial Adviser, the Independent Board Committee is of the view that the terms of the New Minibus Leasing Agreement are fair and reasonable and the transactions thereunder are in the interests of the Group and the Shareholders as a whole. The recommendations and advice from the Independent Board Committee and the Independent Financial Adviser are set out on pages 17 to 18 and pages 19 to 31 of this circular respectively.

ADDITIONAL INFORMATION

Your attention is drawn to the appendix to this circular.

By order of the board of
AMS Public Transport Holdings Limited
Wong Man Kit
Chairman and executive Director



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)

9 March 2012

To the Independent Shareholders

Dear Sir or Madam,

**MINIBUS LEASING AGREEMENT
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

We refer to the circular dated 9 March 2012 (“**Circular**”) of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

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

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

We wish to draw your attention to the letter from the Board as set out on pages 5 to 16 of the Circular, and the letter from the Independent Financial Adviser as set out on pages 19 to 31 of the Circular which contains, among other things, its advice and recommendation to us regarding the terms of the New Minibus Leasing Agreement and the New Annual Cap with the principal factors and reasons for its advice and recommendation.

RECOMMENDATION

Having taken into account the advice and recommendation of the Independent Financial Adviser, we consider that the New Minibus Leasing Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms (including the payment terms), and the entering into of the New Minibus Leasing Agreement and the transactions thereunder is in the interests

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

of the Group and the Shareholders as a whole and that the terms thereof and the New Annual Cap are fair and reasonable as far as the Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the New Minibus Leasing Agreement (and the transactions thereunder) and the New Annual Cap.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders in relation to the Renewal of Minibus Leasing Agreement and the proposed caps of the underlying transactions prepared for the purpose of incorporation in this circular.



Investec Capital Asia Limited
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Tel/ 電話: (852) 3187 5000
Fax/ 傳真: (852) 2501 0171
www.investec.com

9 March 2012

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our appointment as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the continuing connected transactions in relation to the New Minibus Leasing Agreement. Details of the continuing connected transactions and the proposed caps for the two and a half years ending 30 September 2014 are contained in the “Letter from the Board” of the circular to the Shareholders dated 9 March 2012 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As set out in the Company’s announcement of 16 February 2012, the Lessee, which is a wholly-owned subsidiary of the Company, entered into the New Minibus Leasing Agreement with Maxson, Glory Success and HKCT (collectively the “**Owners**”) under which the Lessee conditionally agreed to rent from the Owners certain minibuses owned by them, and the Owners conditionally agreed to lease such minibuses to the Lessee during the period from 1 April 2012 to 30 September 2014 (the “**Leasing Transactions**”). As each of the Owners is a connected person of the Company under the Listing Rules and the relevant percentage ratios of the New Annual Cap are higher than the thresholds set out in Rule 14A.34 of the Listing Rules, the proposed ongoing transactions between the Company and the Owners under the New Minibus Leasing Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to, among others, the approval of the Independent Shareholders at a general meeting of the Company.

II. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the independent non-executive Directors, namely, Dr. Chan Yuen Tak Fai, Dorothy, Dr. Lee Peng Fei, Allen and Mr. Kwong Ki Chi, has been established to consider the terms of the New Minibus Leasing Agreement and the New Annual Cap for the two and a half years ending 30 September 2014.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committees and the Independent Shareholders as to (i) whether or not the New Minibus Leasing Agreement is in the interests of the Company and Shareholders as a whole; (ii) whether or not the terms of the New Minibus Leasing Agreement and the New Annual Caps are fair and reasonable; and (iii) whether the Independent Shareholders should vote in favour of the resolutions to approve the New Minibus Leasing Agreement at the EGM.

III. BASIS AND ASSUMPTIONS OF THE ADVICE

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

We consider that we have reviewed all currently available information and documents to enable us to reach an informed view and to justify our reliance on the information provided so as to form a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background information

Information on the Company

The Company is principally engaged in the provision of franchised public light bus (“**PLB**”) transportation services in Hong Kong.

As set out in the Prospectus, Green Minibuses (“**GMBs**”) are PLBs that provide scheduled services with fixed routes, fares, vehicle allocation, frequency and service hours stipulated by the Transport Department of the Hong Kong Government. GMB routes must be

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

operated by qualified GMB routes operators and are generally offered through open tender by the Transport Department. On the other hand, Red Minibuses (“RMBs”) are PLBs that provide non-scheduled services with no fixed routes, fares, vehicle allocation, frequency or service hours prescribed by the Transport Department. As at the Latest Practicable Date, the Company operates 57 GMB routes and 2 residents’ bus routes to supplement the GMB services.

As noted in the Company’s 2011 interim report, the Company disposed its entire interest in the Elegant Sun Group Limited on 31 July 2011 and reported a gain on disposal of subsidiaries of approximately HK\$130.9 million for the six months ended 30 September 2011. Since then, the Company has discontinued all its business in the cross-boundary public bus, allowing the Company to focus in developing the minibus business. The following is the breakdown in turnover of the Group for each of the three financial years ended 31 March 2009, 2010 and 2011 and the six months ended 30 September 2010 and 2011, which is extracted from the Company’s annual reports and interim reports of the respective period.

	Six months ended		Year ended		
	30 September		31 March		
	2011	2010	2011	2010	2009
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
PLB and residents’ bus services	160,609	152,677	305,225	302,754	297,545
Cross-boundary public bus operations	<u>54,298</u>	<u>72,234</u>	<u>149,932</u>	<u>136,458</u>	<u>127,130</u>
Total turnover	<u>214,907</u>	<u>224,911</u>	<u>455,157</u>	<u>439,212</u>	<u>424,675</u>

As indicated in the above table, the PLB operation has been the core business of the Group and accounted for approximately 67% and 75% of the Group’s total turnover for the financial year ended 31 March 2011 and the six months ended 30 September 2011 respectively. In addition, the Group recorded stable growth in its turnover for the past three financial years, whereby the turnover in respect of the PLB business increased from approximately HK\$297.5 million for the year ended 31 March 2009 to approximately HK\$305.2 million for the year ended 31 March 2011, representing an average annual compound growth rate of approximately 1.3%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the breakdown in reportable segment profit of the Group for each of the three financial years ended 31 March 2009, 2010 and 2011 and the six months ended 30 September 2010 and 2011, which is extracted from the Company's annual reports and interim reports of the respective period:

	Six months ended		Year ended		
	30 September		31 March		
	2011	2010	2011	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
PLB and residents'					
bus services	5,644	19,196	36,120	47,717	32,286
Cross-boundary					
public bus					
operations	3,507	14	6,360	12,075	22,426
 Total reportable					
segment profit	9,151	19,210	42,480	59,792	54,712

As per the above table, total reportable segment profit fell by approximately HK\$17.3 million or 29.0% from approximately HK\$59.8 million for the year ended 31 March 2010 to approximately HK\$42.5 million for the year ended 31 March 2011. Reportable segment profit of the PLB business also fell by approximately HK\$11.6 million or 24.3% for the same period. In addition, for the six months period ended 30 September 2011, segment profit for the PLB business fell by approximately HK\$13.6 million or 70.6% as compare to the six months period ended 30 September 2010. As stated in the Company's annual report for the financial year ended 31 March 2011 and its interim report for the period ended 30 September 2011, the decline in profitability was primarily due to an upsurge in fuel and labour costs.

Information on the Owners

As stated in the Letter from the Board, each of the Owners is principally engaged in the PLB leasing business. As at the date of the New Minibus Leasing Agreement and the Latest Practicable Date, Glory Success was owned as to 50%, 30% and 20% by Mr. Wong, Mr. Vincent Wong and Ms. Ng, respectively. Since Mr. Wong, Mr. Vincent Wong and Ms. Ng are Directors of the Company, Glory Success, being an associate of Mr. Wong, Mr. Vincent Wong and Ms. Ng, is also considered to be a connected person of the Company under the Listing Rules. On the other hand, Maxson and HKCT are both owned as to 60% by All Wealth Limited and 40% in aggregate by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong (as to 10%, 15%, 5%, 5% and 5% respectively). All Wealth Limited is wholly owned by Metro Success Investments Limited, which is wholly and indirectly owned by the Trustee acting as the trustee of The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are members of the Wong Family (excluding Mr. Wong). Each of the Trustee (acting in its capacity as the trustee of The JetSun Trust), Maxson and HKCT (both being companies interested as to more than 30% by the Trustee) is also connected person of the Company under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for the New Minibus Leasing Agreement

The New Minibus Leasing Agreement will be the fourth agreement of this type entered into between the Owners and the Group. The First Minibus Leasing Agreement was entered on 22 March 2004 which took effect on 1 April 2003 and continued until 31 March 2006; the Second Original Minibus Leasing Agreement was entered on 8 February 2006 to extend the lease until 31 March 2009; and the Third Original Minibus Leasing Agreement was entered on 18 February 2009 to further renew the lease for three years from 1 April 2009 to 31 March 2012.

The Third Original Minibus Leasing Agreement will expire following the financial year ending 31 March 2012 and it is anticipated that the Group will continue to lease from the Owners PLBs for the operation of its GMB routes. Accordingly, for the purposes of governing the leasing transactions following the financial year ending 31 March 2012 and ensuring compliance with Chapter 14A of the Listing Rules, the Group entered into the New Minibus Leasing Agreement with the Owners which will be subject to reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

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

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

3. Principal terms of the New Minibus Leasing Agreement

The New Minibus Leasing Agreement provides that the Group may lease certain PLBs from each of the Owners from 1 April 2012 to 30 September 2014. Pursuant to the New Minibus Leasing Agreement, rentals shall be paid in advance on or before the 5th day of each calendar month. As stated in the Letter from the Board, the terms of the New Minibus Leasing Agreement were arrived at after arm's length negotiation between the parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Rentals

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

Class	Age	Daily rental (inclusive of vehicle licence fees and insurance premium)
1	Within 2 years (including 2 years)	HK\$800
2	Over 2 years	HK\$700

Also pursuant to the terms of the New Minibus Leasing Agreement, subject to any annual review of the Benchmark Table which may be required by the independent non-executive Directors, the Benchmark Table will be applied throughout the whole two and a half years term and will be reviewed upon the renewal of the New Minibus Leasing Agreement. Upon request of the independent non-executive Directors for an annual review of the Benchmark Table or upon the renewal of the New Minibus Leasing Agreement, the Company and the Owners shall jointly appoint an independent valuer to assess the prevailing market rentals of the PLBs. The Benchmark Table should then be adjusted in accordance with the then prevailing market rental as so assessed by the independent valuer, whose decision shall be final and conclusive and binding on the parties to the New Minibus Leasing Agreement.

We understand that the Benchmark Table was determined with reference to the appraisal (the “**Survey**”) carried out by the Independent Valuer using the Market Approach as well as under the assumptions set out in the Letter from the Board. With regard to the sampling method and basis of the Survey, the Independent Valuer conducted interviews starting with the largest PLB operators on the complete list of PLBs operators obtained from the website of the Transport Department of Hong Kong. As disclosed in the Survey, as of the valuation date of 5 January 2012, there were a total of 4,350 PLBs in the market, and taking out the 269 PLBs leased by the Company, there were approximately 4,081 PLBs in the market. Hence the Survey’s sample population of 817 PLBs operated by four major GMB operators represents approximately 20% of the full population of PLBs, which we consider as sufficiently exhaustive. Based on the results of the Survey, the Independent Valuer considered that the average prevailing market rentals for PLBs in Hong Kong within the age of two years and over two years are HK\$800 and HK\$704 per day, respectively. Therefore, the rental rates stated in the Benchmark Table of the New Minibus Leasing Agreement are exactly the existing rental rate prevailing in the market.

Having considered the assumptions, the methodology, the basis applied by the Independent Valuer in the assessment of the market rentals of PLBs and the professional opinion that the PLBs leasing market provides sufficient information on the market rental of which the market data collected indicates a benchmark or market equilibrium PLBs daily rental price, we consider that such valuation has been conducted on a fair and reasonable

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

basis. As the proposed rentals for each class of PLBs under the Benchmark Table are the same as the respective daily market rentals concluded from the Survey, we are of the view that the proposed rentals under the Benchmark Table are in line with the prevailing rentals for PLBs in the market. Therefore, we are of the view that the Benchmark Table is fair and reasonable as far as the Independent Shareholders are concerned.

In addition, given that the Benchmark Table will be subject to annual review if required by the independent non-executive Directors and may be adjusted in accordance with the then prevailing market rentals as so assessed by an independent valuer, we are also of the view that any adjustment to be made to the Benchmark Table on such basis will be fair and reasonable.

Monthly Administration Fee

Under the New Minibus Leasing Agreement, the Group has agreed to arrange on behalf of the Owners for taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased under the New Minibus Leasing Agreement, subject to reimbursement of the fees and expenses by the Owners. In consideration of such services, the Owners shall pay to the Group a monthly administration fee (the “**Monthly Administration Fee**”) of HK\$700 per PLB which shall be deducted from the rentals payable by the Company for the PLBs. On the other hand, the Group shall be responsible for the cost of service and maintenance and all petrol and lubricants in respect of the proper operation of the PLBs.

We understand from the Company that the Monthly Administration Fee has been determined on a cost plus margin basis. As advised by the Company, save for the 30 PLBs running on route 31 which the Group is not responsible for the abovementioned services (taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences), the arrangements for the Monthly Administration Fee between the Group and the Owners are on similar terms to those with other PLBs owners who are independent third parties and lease PLBs to the Group. In particular, the Company also charges the independent third party PLB owners a monthly administration fee of HK\$700 per PLB and arranges on their behalf for taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased to the Group.

We have also reviewed samples of agreements entered into between the Group and independent third party PLB owners in respect of the leasing of PLBs and noted that save for the 30 PLBs running on route 31 which the Group is not responsible for the abovementioned services (taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences), all PLB owners are required to pay to the Group Monthly Administration Fee at HK\$700 per PLB. On the basis that the Monthly Administration Fee has been based on terms which are no more favourable to the Owners than those offered by the Company to independent third party PLB owners, we consider that the Monthly Administration Fee and the payment arrangement are fair and reasonable as far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Number of PLBs subject to lease

Pursuant to the New Minibus Leasing Agreement, the Group will initially lease a total of 269 PLBs from the Owners and such number of PLBs subject to lease may be varied from time to time during the term of the New Minibus Leasing Agreement by mutual written agreement. Nevertheless, the Owners shall be obligated to increase the number of PLBs subject to lease up to an aggregate of 313 upon request of the Group.

We understand from the Company that such initial number of PLBs subject to lease under the New Minibus Leasing Agreement has been based on the actual number of PLBs leased from the Owners to the Group as at the date of the New Minibus Leasing Agreement, whereas the maximum number of PLBs that the Owners shall be obliged to make available for lease by the Group has been based on the Group's expected growth of its PLB fleet size during the two and a half years term of the New Leasing Agreement ending 30 September 2014. Given that the Group has the right, but not the obligation, to demand additional leased PLBs from the Owners, we are of the view that such right will provide the Group flexibility in expanding its PLB fleet size during the term of the New Minibus Leasing Agreement and is therefore in the interests of the Group and the Shareholders as a whole.

Owners' responsibilities under changes in the Laws

Pursuant to the New Minibus Leasing Agreement, under clause 5, the Owners are responsible in ensuring that all PLBs subject to lease are in compliance with any future changes in the Laws in Hong Kong. It was also stated in the New Minibus Leasing Agreement that in the event of any future change in the Laws that would result in an increase of permitted number of passenger seats in a PLB, the Owners shall at their own costs arrange for installation of additional seats and any related refitting to the PLBs so that the maximum carrying capacity could be achieved.

With reference to the Company's interim report for the period ended 30 September 2011, the Company has been striving to increase the number of seats on the minibuses to 20 in order to improve operating efficiency. Accordingly, we are of the view that the terms relating to the Owners' responsibilities under changes in the Laws is in the interest of the Group and the Shareholders as a whole.

Right of first refusal

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Since that the terms of the New Minibus Leasing Agreement are materially the same to the terms of the Third Original Minibus Leasing Agreements, it will provide indication as to the fairness and reasonableness of the terms of the New Minibus Leasing Agreement by looking into the past transactions. In connection to this, we have reviewed the annual reports of the Company for the two financial years ended 31 March 2010 and 31 March 2011 which indicated that the auditors of the Company had conducted annual review of the Group's transactions with the Owners under the Third Original Minibus Leasing Agreement and had confirmed that, among others, those transactions had been entered into in accordance with the terms of the Third Original Minibus Leasing Agreement and were either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties.

We have also reviewed samples of record of monthly rental payments by the Group to the Owners in respect of the leasing of PLBs for the financial year ended 31 March 2011 and the period up to January 2012, and noted that such payments had been arrived at in accordance with the terms of the Third Original Minibus Leasing Agreement.

On the basis that (i) the rentals was determined in accordance with the Benchmark Table which is in line with the prevailing market rentals; (ii) the Monthly Administration Fee to be paid is in line with the amount payable to Independent Third Parties; (iii) the Group has the right, but not the obligation to increase the number of PLBs subject to lease; (iv) No extra costs in relation to refitting will be incurred on the Group in the event of any changes to the Laws; (v) the right of first refusal would protect the Group from possible disruption to its operation arising from the Owners' disposal of the PLBs; and (vi) the New Minibus Leasing Agreement is essentially a renewal of the Third Original Minibus Leasing Agreement with similar terms where the past Leasing Transactions have been conducted in accordance with the terms of the Third Original Minibus Leasing Agreement and on normal commercial terms, we are of the view that the terms of the New Minibus Leasing Agreement is in the interests of the Company and the Shareholders as a whole and its terms are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Pursuant to Rule 14A.35(2) of the Listing Rules, the ongoing leasing of PLBs from the Owners by the Group is required to be subject to an annual cap for each financial year over the two and a half years term up to 30 September 2014. As noted from the Letter from the Board, having considered (i) the daily rentals of the PLBs payable in accordance with the Benchmark Table; (ii) the rentals paid by the Company under the Third Original Minibus Lease Agreement; (iii) the expected growth in fleet size and the demand for the leased PLBs; and (iv) a 10% buffer on the estimated amount of annual rentals of the PLBs payable by the Group, the Directors expect the periodic rentals payable by the Group to the Owners under the New Minibus Leasing Agreement over the two and a half years term of the New Minibus Leasing Agreement to be:

	Daily Rental <i>(HK\$)</i>	1 April 2012 to 31 March 2013 <i>(HK\$ million)</i>	1 April 2013 to 31 March 2014 <i>(HK\$ million)</i>	1 April 2014 to 30 September 2014 <i>(HK\$ million)</i>
Within 2 years (including 2 years)	800	4.2	7.7	5.0
Over 2 years	700	69.9	70.4	35.5
Forecast rentals payable by the Company to the Owners before administration fee		74.1	78.1	40.5
Forecast annual administration fee income		2.4	2.5	1.3
Forecast rentals payable by the Company to the Owners		71.7	75.6	39.2
Forecast rentals payable by the Group to the Owners (inc. 10% buffer)		78.8	83.1	43.1

Based on the above forecast, the Company expect that the rentals payable by the Group under the New Minibus Leasing Agreement will not exceed HK\$83.1million for each of the first two financial years ending 31 March 2013 and 2014 respectively; and will not exceed HK\$43.1 million for the six months ending 30 September 2014 (collectively, “**New Annual Cap**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table shows the aggregate value of rentals paid by the Group to the Owners, after deduction of the Monthly Administration Fee for the financial years 2009, 2010 and 2011, which amounted to approximately HK\$56.4 million, HK\$54.6 million and HK\$53.0 million respectively, representing an average annual compound decline of approximately 3.06%.

	Rentals paid by the Group to the Owners pursuant to the Second and Third Original Minibus Leasing Agreements (HK\$ million)	Decrease as compared to the previous financial year (%)
For the financial year:		
31 March 2009	56.4	NA
31 March 2010	54.6	3.19
31 March 2011	53.0	2.93

With reference to information provided by the Company, the aging of PLBs leased was one of the key drivers of the lowered rental paid to the Owners for the financial years 2009, 2010 and 2011. The average number of PLBs within 5 years old declined from 165 for the year ended 31 March 2009 to 107 for the year ended 31 March 2011 while the average number of PLBs over 5 years old increased from 94 to 158 over the same period. On the other hand, the average number of PLBs leased from the Owners had only increased by 6 from 31 March 2009 to 31 March 2011. Given that the rental paid was based on the Benchmark Table whereby the daily rentals decrease with the age of PLBs leased, this explains the decline in rentals paid by the Group to the Owners for the three financial years 2009, 2010 and 2011.

We also understand from the Independent Valuer that there is a change in market practice whereby daily rentals for PLBs are no longer segregated into the 4 age brands as stated in the Third Original Minibus Leasing Agreement. By adopting the Benchmark Table under the New Minibus Leasing Agreement as mentioned previously, the Company would have to pay more to the Owners under the New Minibus Leasing Agreement as PLBs over 2 years old would be charged HK\$700 per day and any PLBs under 2 years would be charged HK\$800 per day.

In addition, based on the Company's forecast of the Leasing Transactions to be carried over the two and a half years term ending 30 September 2014, we noted that the number of PLBs to be leased from the Owners by the end of 30 September 2014 may reach 313, whereas such number was 269 as at the date of the New Minibus Leasing Agreement. In other words, the fleet size of the Company in respect of the leased PLBs from the Owners is expected to increase by about 44 PLBs. In this connection, we have discussed with the Company and noted that the fleet size of the Company is expected to expand in order to meet the increasing passenger demand anticipated for the next two and a half years. We also understand that the Company plans to replace the 30 PLBs

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the newly acquired route 31 which are currently leased from an independent third party by additional PLBs leased from the Owners at a rate of up to 8 PLBs per year. Also, by dividing the expected increase of PLBs to be leased by the Company over the next two and a half years by the total number of 57 GMB routes the Group operates as of the Latest Practicable Date, i.e. $(313-269)/57$, the expected increase of the Group's fleet size in respect of the forecasted fleet size would mean that each existing GMB route operated by the Group will, on average, hire about 0.77 additional PLBs from the Owners in the next two and a half years.

In light of (i) the change in the Benchmark Table; (ii) expected increase in passenger demand; (iii) replacement of PLBs leased from independent third party by PLBs leased from the Owners; and (iv) the number of GMB routes operated by the Group at present, we consider the expected increase of the Group's PLB fleet size in respect of the leased PLBs from the Owners to be fair and reasonable. And also, as the New Annual Cap has been arrived at based on the expected fleet size of the PLBs to be leased by the Group by 30 September 2014, we also consider that the New Annual Cap under the New Minibus Leasing Agreement is fair and reasonable.

5. Conditions of the New Annual Cap

There are certain conditions of the annual cap pursuant to the Listing Rules, in particular, the restriction of the value of the Leasing Transactions by way of the annual cap for each of the period over the two and a half years term of the New Minibus Leasing Agreement ending 30 September 2014 (i.e. the New Annual Cap) and the annual review by the independent non-executive Directors of the terms of the Leasing Transactions and the New Annual Cap not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. In addition, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the Leasing Transactions are conducted in accordance with the New Minibus Leasing Agreement and that the New Annual Cap not being exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of the Leasing Transactions or the New Annual Cap not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the Leasing Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

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

- (i) the background of and the reasons for the Leasing Transactions;
- (ii) the Leasing Transactions will be conducted in the ordinary and usual course of business of the Group;
- (iii) the rental rates are in line with the prevailing market rental assessed by the Independent Valuer and are reasonable by reference to the market transactions as confirmed by the Independent Valuer, details of which are set out in the section headed "Principal terms of the New Minibus Leasing Agreement";

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) control procedures, including annual review by the independent non-executive Directors and confirmation from the auditors of the Company in respect of the terms of the Leasing Transactions, are in place to monitor the terms and conditions of the Leasing Transactions; and
- (v) the value of, and the basis for determining, the New Annual Cap are reasonable, details of which are set out in the section headed “Rationale for determining the annual cap for the Leasing Transactions”.

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

Yours faithfully,
For and on behalf of
Investec Capital Asia Limited

Alexander Tai
Executive Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures in/of the Company or any of its associated corporations (within the meaning of the SFO) which (i) 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 any of them was taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held <i>(Note d)</i>	Approximate percentage of shareholding
(1) the Company					
Mr. Wong <i>(Note a)</i>	Long Position	Founder of a discretionary trust	Other	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	2,453,000	0.92%
	Long Position	Spouse of Ms. Ng	Family	11,025,300	4.14%
Ms. Ng <i>(Notes a & b)</i>	Long Position	Beneficiary of a discretionary trust	Other	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	11,025,300	4.14%
	Long Position	Spouse of Mr. Wong	Family	2,453,000	0.92%
Mr. Vincent Wong <i>(Note a)</i>	Long Position	Beneficiary of a discretionary trust	Other	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	4,502,500	1.69%
	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. May Wong <i>(Note a)</i>	Long Position	Beneficiary of a discretionary trust	Other	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	2,497,000	0.94%
Dr. Lee Peng Fei, Allen	Long Position	Beneficial owner	Personal	630,000	0.24%
Dr. Chan Yuen Tak Fai, Dorothy	Long Position	Beneficial owner	Personal	630,000	0.24%
Mr. Kwong Ki Chi	Long Position	Beneficial owner	Personal	630,000	0.24%

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held <i>(Note d)</i>	Approximate percentage of shareholding
(2) Skyblue Group Limited					
Mr. Wong <i>(Note a)</i>	Long Position	Founder of a discretionary trust	Other	2	100%
Ms. Ng <i>(Notes a & b)</i>	Long Position	Beneficiary of a discretionary trust	Other	2	100%
Mr. Vincent Wong <i>(Note a)</i>	Long Position	Beneficiary of a discretionary trust	Other	2	100%
Ms. May Wong <i>(Note a)</i>	Long Position	Beneficiary of a discretionary trust	Other	2	100%
(3) Metro Success					
Mr. Wong <i>(Note a)</i>	Long Position	Founder of a discretionary trust	Other	100	100%
Ms. Ng <i>(Notes a & b)</i>	Long Position	Beneficiary of a discretionary trust	Other	100	100%
Mr. Vincent Wong <i>(Note a)</i>	Long Position	Beneficiary of a discretionary trust	Other	100	100%
Ms. May Wong <i>(Note a)</i>	Long Position	Beneficiary of a discretionary trust	Other	100	100%
(4) All Wealth					
Mr. Wong <i>(Note c)</i>	Long Position	Founder of a discretionary trust	Other	1	100%
Ms. Ng <i>(Notes b & c)</i>	Long Position	Beneficiary of a discretionary trust	Other	1	100%
Mr. Vincent Wong <i>(Note c)</i>	Long Position	Beneficiary of a discretionary trust	Other	1	100%
Ms. May Wong <i>(Note c)</i>	Long Position	Beneficiary of a discretionary trust	Other	1	100%
(5) A.I. International Holdings Limited					
Mr. Wong <i>(Note c)</i>	Long Position	Founder of a discretionary trust	Other	6	100%
Ms. Ng <i>(Notes b & c)</i>	Long Position	Beneficiary of a discretionary trust	Other	6	100%
Mr. Vincent Wong <i>(Note c)</i>	Long Position	Beneficiary of a discretionary trust	Other	6	100%
Ms. May Wong <i>(Note c)</i>	Long Position	Beneficiary of a discretionary trust	Other	6	100%

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held <i>(Note d)</i>	Approximate percentage of shareholding
(6) Maxson					
Mr. Wong <i>(Note c)</i>	Long Position	Founder of a discretionary trust	Other	180,000	60%
	Long Position	Spouse of Ms. Ng	Family	30,000	10%
Ms. Ng <i>(Notes b & c)</i>	Long Position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long Position	Beneficial owner	Personal	30,000	10%
Mr. Vincent Wong <i>(Note c)</i>	Long Position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long Position	Beneficial owner	Personal	45,000	15%
Ms. May Wong <i>(Note c)</i>	Long Position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long Position	Beneficial owner	Personal	15,000	5%
(7) HKCT					
Mr. Wong <i>(Note c)</i>	Long Position	Founder of a discretionary trust	Other	6,000	60%
	Long Position	Spouse of Ms. Ng	Family	1,000	10%
Ms. Ng <i>(Notes b & c)</i>	Long Position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long Position	Beneficial owner	Personal	1,000	10%
Mr. Vincent Wong <i>(Note c)</i>	Long Position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long Position	Beneficial owner	Personal	1,500	15%
Ms. May Wong <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 157,677,000 shares in the Company were held by Skyblue Group Limited, which is a wholly owned subsidiary of Metro Success. Metro Success is a wholly owned subsidiary of JETSUN, which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. Mr. Wong is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects are members of the Wong Family (excluding Mr. Wong).
- (b) Ms. Ng 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 in the Company as at the Latest Practicable Date.
- (c) All Wealth, A.I. International Holdings Limited, Maxson and HKCT (collectively “**Associated Corporations**”) are associated corporations (within the meaning of Part XV of the SFO) of the Company by virtue of Metro Success’s interests in the entire issued share capital of each of the Associated Corporations. Mr. Wong, being the settlor of The JetSun Trust, and Ms. Ng, Mr. Vincent Wong and Ms. May Wong, being the discretionary objects of The JetSun Trust, are deemed to be interested in all the Associated Corporations.
- (d) The figures include interests in share options held by each of the Directors. Please refer to the “Share Options” section for details.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, none of the Directors and their associates has any interests or short positions in any shares, underlying shares and debentures in/of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

On 22 March 2004, the Company adopted a share option scheme (“**Share Option Scheme**”) pursuant to which the eligible persons may be granted options to subscribe for shares in the Company upon and subject to a maximum number of shares available for issue under options, which if granted thereunder is 22,750,000, representing 10% of the issued shares in the Company as at the year end date of the latest published annual report of the Company. The subscription price determined by the Board shall be at least the higher of (i) the closing price of the Company’s share as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the Company’s share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company’s shares.

Outstanding share options

Details of the outstanding share options of the Company as at the Latest Practicable Date which have been granted under the Share Option Scheme are as follows:

Name of grantee	Date of grant (d/m/y)	Number of options granted	Period during which rights exercisable (d/m/y)	Exercise price per share option (HK\$)	Outstanding as at the Latest Practicable Date
<i>Category 1: Directors (Note)</i>					
Dr. Lee Peng Fei, Allen	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000
Dr. Chan Yuen Tak Fai, Dorothy	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000
Mr. Kwong Ki Chi	20/10/2011	300,000	20/10/2011–19/10/2021	1.60	300,000
<i>In aggregate</i>					<u>900,000</u>
<i>Category 2:</i>					
Employees	20/10/2011	4,350,000	20/10/2011–19/10/2021	1.60	<u>4,150,000</u>
Total all categories					<u><u>5,050,000</u></u>

Note: The closing price of the Company's share immediately before the date of grant of 20 October 2011 was HK\$1.63. All options granted to the Directors and employees were vested immediately on the date of grant.

Substantial Shareholders

As at the Latest Practicable Date, the following persons (other than the Directors) had interests or short positions in the shares and underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO:

Name of Shareholder		Number of shares/underlying shares held (Note c)	Percentage to the total number of issued shares in the Company
The Trustee	(Note a)	157,677,000	59.24%
JETSUN	(Note a)	157,677,000	59.24%
Metro Success	(Note a)	157,677,000	59.24%
Skyblue Group Limited	(Note a)	157,677,000	59.24%
HSBC Trustee (Cook Islands) Limited ("HTCIL")	(Note b)	13,500,000	5.07%
The Seven International Holdings Limited ("SIHL")	(Note b)	13,500,000	5.07%
The Seven Capital Limited ("SCL")	(Note b)	13,500,000	5.07%
Mawer Investment Management Ltd.		13,744,399	5.16%

Notes:

- (a) As at the Latest Practicable Date, a total of 157,677,000 shares in the Company were held by Skyblue Group Limited, a wholly-owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee.
- (b) As at the Latest Practicable Date, a total of 13,500,000 shares in the Company 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 long position in the shares in the Company.

Save as disclosed herein, the Company had not been notified of any other person having an interest or a short position in the shares and/or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO as at the Latest Practicable Date.

3. EXPERT

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

Name	Qualification
Investec Capital Asia Limited	A corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Vigers Appraisal & Consulting Limited	Registered professional surveyors and business valuers

- (b) None of the aforesaid experts has any shareholding in any member of the Group nor does it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Each of the aforesaid experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its valuation report or letter dated 5 January 2012 and 9 March 2012 respectively (as the case may be) and/or any statements made therein (which were made by the relevant expert for incorporation into this circular) and references to its name in the form and context in which they are included.

4. COMPETING INTEREST

Mr. Wong, Ms. Ng and Mr. Vincent Wong are directors and beneficial owners of Big Three Limited (“**Big Three**”). Big Three 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, Ms. Ng and Mr. Vincent Wong in Big Three. If conflict of interest arises, Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong will abstain from voting on the Board.

Also, the Wong Family has entered into a deed of non-competition dated 22 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 having been reviewed by the independent non-executive Directors.

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

Save as disclosed herein, none of the Directors and their respective associates had any interests in a business or was interested in any business which competes or may compete either directly or indirectly with, or is similar to, the business of the Group as at the Latest Practicable Date.

5. DIRECTORS’ INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

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

- (a) Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, all being executive Directors, were indirectly interested in the Third Original Minibus Leasing Agreement entered into between the Lessee as lessee and the Owners as lessors. The lessors are beneficially owned and controlled by the major Shareholders, the Wong Family or its member(s). The consideration paid for the period from 1 April 2011 to the Latest Practicable Date was HK\$45,887,000;
- (b) Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, 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 or its member(s)), 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\$2,133,000 during the period from 1 April 2011 to the Latest Practicable Date;
- (c) Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, 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 1 April 2011 to the Latest Practicable Date; and

- (d) Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, all being executive Directors, were indirectly interested in three management service agreements entered into between a wholly owned subsidiary of the Company and three respective companies which are beneficially owned and controlled by the major Shareholders, the Wong Family or its member(s), at a consideration of approximately HK\$36,000 per month. The total management fee income received from such management contracts was HK\$394,000 during the period from 1 April 2011 to the Latest Practicable Date.

Save as the aforesaid, as at the Latest Practicable Date: (i) none of the Directors or the experts named in paragraph 3 of this Appendix had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2011, the date to which the latest published audited consolidated financial statements of the Group were made up; and (ii) there was no contract or arrangement subsisting in which a Director is materially interested and which is significant in relation to the business of the Group as at the Latest Practicable Date.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2011 (the date to which the latest audited financial statements of the Group were made up) up to the Latest Practicable Date.

8. SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company which covers an initial term of three years, and will continue thereafter until terminated by either party giving to the other not less than six months' prior written notice expiring not earlier than the date of expiry of the initial term. As for the independent non-executive Directors, all of them are appointed on terms ranging from 2 years to 3 years.

Save as disclosed herein, none of the Directors has service contract with the Company which is not expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation).

9. GENERAL

- (a) The share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited of 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (b) As at the Latest Practicable Date, the Board comprised Mr. Wong, Ms. Ng, Mr. Vincent Wong, Mr. Chan Man Chun and Ms. May Wong as the executive Directors, and Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi as the independent non-executive Directors.
- (c) The secretary of the Company is Ms. Wong Ka Yan. Ms. Wong Ka Yan is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the New Minibus Leasing Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 17 to 18 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 19 to 31 of this circular;
- (d) the contracts referred to in paragraph 5 of this Appendix;
- (e) the service contracts referred to in paragraph 8 of this Appendix; and
- (f) the written consent of the experts referred to in paragraph 3 of this Appendix.

NOTICE OF EGM

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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of AMS Public Transport Holdings Limited (the “**Company**”) will be held at Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Hong Kong on 26 March 2012 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions:

ORDINARY RESOLUTIONS

“THAT

- (a) the agreement (the “**New Minibus Leasing Agreement**”) dated 16 February 2012 and conditionally entered into between Maxson Transportation Limited, Glory Success Transportation Limited and Hong Kong & China Transportation Consultants Limited as owners and Gurnard Holdings Limited (a wholly-owned subsidiary of the Company) as lessee in relation to, among other things, the leasing of public light buses for a term of 2.5 years from 1 April 2012 to 30 September 2014, a copy of which has been produced to the meeting marked “A” and has been initialed by the Chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved and that any one director of the Company (the “**Director**”) be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such other documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company’s seal to the relevant documents) to carry into effect or to give effect to the New Minibus Leasing Agreement and all transactions contemplated thereunder, including such changes and amendments thereto as such Director may consider necessary, desirable or expedient; and

NOTICE OF EGM

- (b) the New Annual Cap (such term shall have the meaning as defined in the circular to the shareholders of the Company dated 9 March 2012) be and is hereby approved and that any one Director be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company's seal to the relevant documents) in connection therewith.”

By order of the board of
AMS Public Transport Holdings Limited
Wong Man Kit
Chairman and executive Director

Hong Kong Special Administrative Region
9 March 2012

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

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

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A member who is the holder of two or more shares in the Company may appoint more than one proxy to represent him and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited with Union Registrars Limited, the Company's share registrar in Hong Kong, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting thereof at which the person named in the instrument proposes to vote. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires.
3. As at the date hereof, the board of Directors comprises five executive Directors, namely Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent, Mr. Chan Man Chun and Ms. Wong Wai Sum, May, and three independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.