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

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

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AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

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

A notice convening the AGM of the Company to be held at Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Hong Kong on 28 August 2014, Thursday at 11:00 a.m. is set out on pages 55 to 59 of this circular.

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

14 July 2014

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 28 August 2014, Thursday at 11:00 a.m.
“AGM Notice”	the notice convening the AGM as set out on pages 55 to 59 of this circular
“All Wealth”	All Wealth Limited, a company incorporated in the BVI and wholly-owned by Metro Success
“Articles of Association”	the articles of association of the Company
“associates”	shall have the meaning as prescribed under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Big Three”	Big Three Limited (大叁有限公司), a company incorporated in Hong Kong and owned as to 50% by Mr. Wong and 50% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong, and Ms. Vivian Wong
“Board”	the board of Directors
“Business Day”	the day on which the Stock Exchange is open for the business of dealing in securities
“BVI”	the British Virgin Islands
“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“Company”	AMS Public Transport Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 77)
“Connected person”	has the same meaning as ascribed to it under the Listing Rules
“Controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

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“Executive Director(s)”	the executive Director(s) of the Company
“First Original Minibus Leasing Agreement”	leasing agreement dated 22 March 2004 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of PLBs to the Lessee for a term from 1 April 2003 to 31 March 2006
“Fourth Original Minibus Leasing Agreement”	leasing agreement dated 16 February 2012 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 April 2012 to 30 September 2014
“Glory Success”	Glory Success Transportation Limited (捷匯運輸有限公司), a company incorporated in Hong Kong and owned as to 50% by Mr. Wong and 50% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong, and Ms. Vivian Wong
“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 as a whole
“HKCT”	Hong Kong & China Transportation Consultants Limited (中港運輸顧問有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong
“HKMB”	Hong Kong Metropolitan Bus Limited (香港都會巴士有限公司), a company incorporated in Hong Kong and wholly owned by Mr. Wong, Ms. Ng and Mr. Vincent Wong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the Independent Non-Executive Directors, namely Dr. Lee Peng Fei Allen, Dr. Chan Yuen Tak Fai Dorothy and Mr. Kwong Ki Chi

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“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 Non-Executive Director(s)”	the independent non-executive Director(s) of the Company
“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”	9 July 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Lessee”	Gurnard Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
	<i>Note:</i> For the purpose of this circular, any reference to the rules under Chapter 14A of the Listing Rules refers to the prevailing version of Chapter 14A as at the date of the announcement of the Company dated 23 June 2014 relating to the New Minibus Leasing Agreement
“Maxson”	Maxson Transportation Limited (萬誠運輸有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong
“Memorandum”	the memorandum of association of the Company
“Metro Success”	Metro Success Investments Limited, a company incorporated in the BVI and wholly-owned by JETSUN

DEFINITIONS

“Monthly Administration Fee”	the monthly administration fee payable by the Owners to the Lessee for administration services provided by the Lessee in arranging on behalf of the Owners for mainly the following services: taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased by the Owners to the Lessee
“Mr. Vincent Wong”	Mr. Wong Ling Sun, Vincent, an Executive Director and the vice chairman of the Board and the son of Mr. Wong and Ms. Ng
“Mr. Wong”	Mr. Wong Man Kit, an Executive Director and the chairman of the Board and the spouse of Ms. Ng
“Ms. Cecilia Wong”	Ms. Wong Wai Sze, Cecilia, the daughter of Mr. Wong and Ms. Ng
“Ms. May Wong”	Ms. Wong Wai Sum, May, an Executive Director and the daughter of Mr. Wong and Ms. Ng
“Ms. Ng”	Ms. Ng Sui Chun, an Executive Director and the spouse of Mr. Wong
“Ms. Vivian Wong”	Ms. Wong Wai Man, Vivian, the daughter of Mr. Wong and Ms. Ng
“New Annual Cap”	shall have the meaning as more particularly stated in the section headed “New Annual Cap” of the letter from the Board in this circular
“New Minibus Leasing Agreement”	leasing agreement dated 23 June 2014 and entered into between the Owners and the Lessee, details of which are stated in the section headed “Details of the continuing connected transactions” of the letter from the Board in this circular
“Original Owners”	Maxson, Glory Success and HKCT
“Owners”	Maxson, Glory Success, HKCT, Big Three and HKMB
“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

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“Second Original Minibus Leasing Agreement”	leasing agreement dated 8 February 2006 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 April 2006 to 31 March 2009
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiary(ies) for the time being of the Company within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“The JetSun Trust”	The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are members of the Wong Family (excluding Mr. Wong)
“Third Original Minibus Leasing Agreement”	leasing agreement dated 18 February 2009 and entered into between the Original Owners and the Lessee in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 April 2009 to 31 March 2012
“Trustee”	HSBC International Trustee Limited
“Vigers”	Vigers Appraisal & Consulting Limited, registered professional surveyors and business valuers
“Wong Family”	Mr. Wong, Ms. Ng and their son, Mr. Vincent Wong, and their daughters Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

Executive Directors:

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

Independent Non-Executive Directors:

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

Registered Office:

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

*Principal Place of Business
in Hong Kong:*

11th-12th Floors
Abba Commercial Building
223 Aberdeen Main Road
Aberdeen
Hong Kong

14 July 2014

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

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

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

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

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 30 August 2013, ordinary resolutions were passed to grant general mandates authorising the Directors (i) to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at that date (i.e. not exceeding 53,225,000 Shares) (“Existing Issue Mandate”); and (ii) to repurchase Shares not exceeding 10% of the issued share capital, or the relevant class of Shares, of the Company at that date (i.e. not exceeding 26,612,500 Shares) (“Existing Repurchase Mandate”).

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

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

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

CONTINUING CONNECTED TRANSACTIONS — MINIBUS LEASING AGREEMENT

It was announced by the Company on 23 June 2014 that, among other things, the Owners and the Lessee had entered into the New Minibus Leasing Agreement on 23 June 2014.

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.

LETTER FROM THE BOARD

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

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

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

The Original Owners and the Lessee further entered into the Fourth Original Minibus Leasing Agreement on 16 February 2012 to renew such leasing arrangements for another 2.5 years from 1 April 2012 to 30 September 2014. Such shorter term was adopted with a view to 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, dispensing with the need to hold an extraordinary general meeting, which will in turn save the Shareholders from the inconvenience arising from their attending a separate and additional meeting and will minimise the administrative costs in holding such meeting.

During the term of the Fourth Original Minibus Leasing Agreement, the Wong Family restructured the ownership of certain minibuses amongst the companies wholly owned by it or its certain members. As at the Latest Practicable Date, Maxson, Glory Success, HKCT, Big Three and HKMB were the owners of the PLBs.

As the Fourth Original Minibus Leasing Agreement will soon expire, the Owners and the Lessee entered into the New Minibus Leasing Agreement on 23 June 2014 based on the terms and conditions of the Fourth Original Minibus Leasing Agreement with a view to renewing the leasing arrangements for another term of 3 years running from 1 October 2014 to 30 September 2017.

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

LETTER FROM THE BOARD

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

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

Date: 23 June 2014

Parties: (i) Maxson
(ii) Glory Success
(iii) HKCT
(iv) Big Three
(v) HKMB

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

(vi) the Lessee

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

Term: From 1 October 2014 to 30 September 2017, 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				
		Daily rental payable under the New Minibus Leasing Agreement (note 1)	Daily rental payable under the Fourth Original 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\$780 (note 3)	HK\$800	HK\$740	HK\$740	HK\$740
2	Over 2 years	HK\$680 (note 3)	HK\$700	N/A	N/A	N/A
3 (note 2)	Over 2 years but within 5 years	N/A	N/A	HK\$630	HK\$630	HK\$630
4 (note 2)	Over 5 years but within 7 years	N/A	N/A	HK\$480	HK\$480	HK\$480
5 (note 2)	Over 7 years	N/A	N/A	HK\$460	HK\$460	HK\$460

The average age of the PLBs leased under the New Minibus Leasing Agreement is around 10.3 years.

LETTER FROM THE BOARD

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

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

note 3: According to the appraisal conducted by Vigers, the average rentals prevailing in the market for PLBs less than the age of 2 years and over the age of 2 years are HK\$804 and HK\$736 per day respectively. In view of the difficult market conditions for operation of PLBs in Hong Kong, the Lessee has taken a prudent and conservative approach in arriving at the value of the rentals with the Owners. As the Group has a good credibility and the subject matter is about leasing a large quantity of PLBs, the Owners are willing to accept a lower rental rate for the PLBs.)

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.

The Company will continually observe and assess the prevailing market rentals of the PLBs and provide regular update to the Independent Non-Executive Directors on the prevailing market rental rates of the PLBs semi-annually for their consideration.

LETTER FROM THE BOARD

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:

277 PLBs.

The parties may by written agreement vary the number of PLBs to be leased, add or remove any PLB or replace any PLB with another PLB provided that the rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table and provided always that the Owners shall be obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 305 (representing the original number of PLBs subject to the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee.

(note: As at the Latest Practicable Date, there were 277 PLBs leased by the Owners to the Lessee under the Fourth Original Minibus Leasing Agreement.)

LETTER FROM THE BOARD

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

Each of the Owners has undertaken that, in such case, it will only sell or dispose of the 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 the following administration services including mainly taking out and maintaining relevant insurance policies covering at least third party risks, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased under the New Minibus Leasing Agreement, subject to reimbursement of the fees and expenses by the Owners. In consideration of such administration services, amongst others, the Owners shall pay to the Lessee a Monthly Administration Fee of HK\$700 per PLB, which was determined on a cost plus margin basis. Such fee shall be deducted from the rentals for the PLBs.

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

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

LETTER FROM THE BOARD

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

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

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

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

In this connection, the Company has appointed Vigers to appraise the average rentals prevailing in the market for PLBs. Although the valuation report of Vigers indicates that the prevailing market rentals for minibuses are higher than the rentals under the Benchmark Table adopted for the New Minibus Leasing Agreement, the Lessee has taken a prudent and conservative approach in arriving at the value of the rentals with the Owners in view of the difficult market conditions for operation of PLBs in Hong Kong. As the Group has a good credibility and the subject matter is about leasing of a large quantity of PLBs, the Lessee has successfully agreed with the Owners on such decrease in rentals.

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.

LETTER FROM THE BOARD

(note: “Market value” is defined as “the estimated amount for which an asset or liability 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.)

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

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

As explained by Vigers in its valuation report, the market approach was adopted since the cost approach, which accounts for the replacement cost of an asset, has limitations in determining the market value of the rental payment for the lease of minibuses. As for the income approach, it may be a means to estimate the required monthly income that could justify the market return to the value of the minibus licence, but it does not rely on directly observable market data that could provide an indication on rental prevailing on the lease of minibuses on the market. Therefore, Vigers considered that the market approach would provide a reasonable basis for the subject appraisal due to the following reasons:

- there exists a market, though not necessarily a well-structured market, on the leasing of minibuses (“**Minibus Leasing Market**”) that provides observable market rental;
- the market transaction provides direct indication on the dollar amount of rental payment without the use of guesstimated market return or licence value to determine the required rental income; and
- the data from the Minibus Leasing Market, as collected from market participants, are comparable and demonstrate a reasonable range.

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

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

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political, legal, technological, fiscal or economic condition, which will adversely affect the operation of PLBs under concern; (ii) the market position and the competitiveness of the Company do not change significantly during the period Vigers conducted interviews; (iii) there will 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 minibus operation in Hong Kong will not deviate significantly from the economic forecasts in general.

The Directors (including the Independent Non-Executive Directors) are of the view that the market participants selected by Vigers are fair and representative comparables to assess the daily rentals under the Benchmark Table.

As such, the Directors (including the Independent Non-Executive Directors) are of the view that the rentals payable for the PLBs under the New Minibus Leasing Agreement are fair and reasonable in view of (i) the professional advice and independence of Vigers and the Independent Financial Adviser; (ii) the prevailing economic environment; (iii) the fact that such rentals are lower than the prevailing market rate rentals; and (iv) the support of the PLBs rendered to the Group.

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

REASONS FOR AND BENEFITS OF THE NEW MINIBUS LEASING AGREEMENT

As disclosed in the Prospectus, the Directors consider that the use of more leased 16-seated minibuses for use as Green Minibuses will strengthen the Group's role as a Green Minibus routes operator instead of as an investor in 16-seated minibus licences. Furthermore, in view of the past cooperation between the Group and the Original 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.

ORIGINAL ANNUAL CAPS

The original annual caps for the amount payable by the Lessee to the relevant Owners under (i) the First Original Minibus Leasing Agreement, (ii) the Second Original Minibus Leasing Agreement, (iii) the Third Original Minibus Leasing Agreement and (iv) the Fourth Original Minibus Leasing Agreement are respectively (i) HK\$60,000,000 for each of the three financial years from 1 April 2003 to 31 March 2006, (ii) HK\$74,000,000 for each of the three financial years from 1 April 2006 to 31 March 2009, (iii) HK\$66,700,000 for each of the three financial years from 1 April 2009 to 31 March 2012, and (iv) HK\$83,119,000 for each of the first two financial years from 1 April 2012 to 31 March 2014, and HK\$43,099,000 for the remaining six months from 1 April 2014 to 30 September 2014.

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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:

Rentals paid by the Lessee to the relevant Owners

Year ended 31 March 2004 <i>HK\$'000 (audited)</i>	41,231
Year ended 31 March 2005 <i>HK\$'000 (audited)</i>	44,935
Year ended 31 March 2006 <i>HK\$'000 (audited)</i>	49,987
Year ended 31 March 2007 <i>HK\$'000 (audited)</i>	51,447
Year ended 31 March 2008 <i>HK\$'000 (audited)</i>	53,650
Year ended 31 March 2009 <i>HK\$'000 (audited)</i>	54,104
Year ended 31 March 2010 <i>HK\$'000 (audited)</i>	52,277
Year ended 31 March 2011 <i>HK\$'000 (audited)</i>	50,712
Year ended 31 March 2012 <i>HK\$'000 (audited)</i>	47,663
Year ended 31 March 2013 <i>HK\$'000 (audited)</i>	68,697
Year ended 31 March 2014 <i>HK\$'000 (audited)</i>	68,794
Two months ended 31 May 2014 <i>HK\$'000 (unaudited)</i>	11,505

NEW ANNUAL CAP

The Directors estimate that (1) the rentals payable by the Lessee to the Owners for the first six months ending 31 March 2015 under the New Minibus Leasing Agreement will not exceed HK\$34,455,000; (2) the annual rentals payable under the New Minibus Leasing Agreement for each of the two subsequent financial years ending 31 March 2016 and 2017 respectively will not exceed HK\$69,879,000; and (3) the rentals payable under the New Minibus Leasing Agreement for the last six months ending 30 September 2017 will not exceed HK\$35,312,000. Such figures have been arrived at by reference to the daily rentals of the PLBs payable in accordance with the Benchmark Table, the expected fleet size and the demand of leased PLBs.

After deduction of the Monthly Administration Fee of HK\$700 per PLB, the Directors estimate that the rentals payable under the New Minibus Leasing Agreement (1) will not exceed HK\$33,291,000 for the first six months ending 31 March 2015; (2) will not exceed HK\$67,552,000 for each of the two subsequent financial years ending 31 March 2016 and 2017 respectively; and (3) will not exceed HK\$34,148,000 for the last six months ending 30 September 2017.

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

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the Monthly Administration Fee of HK\$700 per PLB) (1) will not exceed HK\$36,620,000 for the first six months ending 31 March 2015; (2) will not exceed HK\$74,308,000 for each of the two subsequent financial years ending 31 March 2016 and 2017 respectively; and (3) will not exceed HK\$37,563,000 for the last six months ending 30 September 2017.

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

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.

HKMB is owned as to (i) 60% by Mr. Wong, (ii) 20% by Mr. Vincent Wong and (iii) 20% by Ms. Ng. Given that Mr. Wong, Mr. Vincent Wong and Ms. Ng are all Directors and thus connected persons of the Company, HKMB being their associate is also a connected person of the Company.

In light of the aforesaid, the transactions between the Owners (i.e. Glory Success, Maxson, HKCT, Big Three and HKMB) and the Lessee under the New Minibus Leasing Agreement constitute continuing connected transactions of the Group. 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 Independent Shareholders.

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 23 June

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2014 for approving the same. None of the other Directors has a material interest in the New Minibus Leasing Agreement and the transactions thereunder or was required to abstain from voting on such Board resolution.

AGM

The AGM Notice is set out on pages 55 to 59 of this circular. Ordinary resolutions in respect of (i) the re-election of Directors, (ii) the grant of the Issue Mandate and the Repurchase Mandate to the Directors, and (iii) the approval of the continuing connected transactions regarding the New Minibus Leasing Agreement and the New Annual Cap as referred to above will be proposed at the AGM.

A form of proxy for the AGM is also enclosed with this circular and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.amspt.com). Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

VOTING BY POLL

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

Skyblue Group Limited (“**Skyblue**”), holding 157,677,000 Shares, representing approximately 59.24% of the shareholding in the Company as at the Latest Practicable Date, and being a company interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust), as well as Mr. Wong (holding 2,396,000 Shares, representing approximately 0.90% of the shareholding in the Company), Ms. Ng (holding 13,617,300 Shares, representing approximately 5.12% of the shareholding in the Company), Mr. Vincent Wong (holding 6,502,500 Shares, representing approximately 2.45% of the shareholding in the Company), Ms. Cecilia Wong (holding 2,430,000 Shares, representing approximately 0.91% of the shareholding in the Company), Ms. May Wong (holding 2,497,000 Shares, representing approximately 0.94% of the shareholding in the Company) and Ms. Vivian Wong (holding 2,200,000 Shares, representing approximately 0.83% of the shareholding in the Company) (all of whom are members of the Wong Family and Shareholders) and their respective associates will abstain from voting at the AGM on the proposed resolutions approving the New Minibus Leasing Agreement (and the transactions contemplated thereunder) and the New Annual Cap. Ms. Loo Natasha Christie (the spouse of Mr. Vincent Wong), Mr. Wong Man Chiu (the younger brother of Mr. Wong) and Ms. Wong Pik Kwan (the elder sister of Mr. Wong), all of

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whom are Shareholders, holding in aggregate 1,030,200 Shares representing approximately 0.39% of the shareholding in the Company as at the Latest Practicable Date, will also abstain from voting at the AGM on the same proposed resolutions.

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

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

As set out in its letter to the Independent Shareholders, based on the advice of the Independent Financial Adviser, the Independent Board Committee is of the view that the terms of the New Minibus Leasing Agreement 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 29 to 30 and pages 31 to 44 of this circular respectively.

GENERAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
AMS Public Transport Holdings Limited
Wong Man Kit
Chairman

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

1. WONG MAN KIT, MH, FCILT

Mr. Wong Man Kit, aged 72, is one of the founders of the Group and the Chairman. Mr. Wong has over 39 years' experience in the operation of public transport business in Hong Kong and is responsible for formulating the overall business strategies and corporate development of the Group. Mr. Wong has been a fellow member of the Chartered Institute of Logistics and Transport ("CILT") in Hong Kong since 2000, and is the chairman of the Hong Kong Scheduled (GMB) Licensee Association and also a member of The Chinese General Chamber of Commerce. Mr. Wong was an elected member of the Southern District Council from 1988 to 2007. Mr. Wong is currently the honorary president of The University of Hong Kong Foundation for Educational Development and Research. Mr. Wong has been granted the awards of "Medal of Honour" by the Hong Kong government in 2000 and "Ten Outstanding Young Person Award" by The Hong Kong Junior Chamber of Commerce in the Ten Outstanding Young Persons Selection in 1981, both in recognition of his outstanding performance and contribution.

Mr. Wong holds directorships in all of the subsidiaries of the Company. Mr. Wong is the spouse of Ms. Ng, the father of Mr. Vincent Wong and Ms. May Wong and the brother of Mr. Wong Man Chiu. Ms. Ng, Mr. Vincent Wong and Ms. May Wong are Executive Directors, and Mr. Wong Man Chiu is the engineering manager of the Group. Mr. Wong does not hold any directorship in other listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Wong was deemed to be interested in 157,677,000 Shares, representing 59.24% of the total issued Share capital of the Company, held by Skyblue under Part XV of the SFO as he is the settlor of The JetSun Trust. Skyblue is a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited ("HSBCITL") as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by HSBCITL. The JetSun Trust is a discretionary trust and its discretionary objects include Mr. Vincent Wong, Ms. Ng and Ms. May Wong. In addition, Mr. Wong was directly interested in 2,396,000 Shares and had family interest of 13,617,300 Shares held by Ms. Ng, representing 0.9% and 5.12% of the total issued Share capital of the Company respectively as at the Latest Practicable Date.

Mr. Wong entered into a service agreement with the Company for an initial term of three years from 22 March 2004 which shall continue thereafter until terminated by either party by serving on the other party not less than six months' notice in writing terminating on or after the expiry of the initial term of three years. He also entered into two supplemental service agreements with the Company subsequently. The amount of remuneration as set out in the supplemental service agreements is approximately HK\$676,000 per annum, which includes an annual fixed sum bonus equal to his one month's fixed director's fee. He is also entitled to a discretionary bonus calculated by reference to a percentage (which is determined by the Board with reference to the Group's results and Mr. Wong's performance) of audited consolidated net

profit of the Group after taxation and minority interest but before extraordinary items of the Group and before such bonus. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Apart from this, Mr. Wong has no service contract or proposed service contract with any other members of the Group. The amount of the emoluments payable to Mr. Wong under the service contract is determined by the remuneration committee of the Board with reference to the level and/or range of remuneration package normally granted by employers in Hong Kong to a senior executive of comparable caliber and job responsibilities.

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

2. NG SUI CHUN

Ms. Ng Sui Chun, aged 63, is the finance director of the Company and one of the founders of the Group. Ms. Ng has been actively involved in the management of the daily operations of the Group for over 39 years and is responsible for the implementation of corporate policy, particularly in the area of finance and administration of the Group. She also actively participates in charitable activities, including being the chairman of the Aberdeen Women Compassion Association, a committee member of the Association for the Elders of Aberdeen, a member of Zhongshan Overseas Women Association and a committee member of The Tung Wah Group of Hospitals Aberdeen District Committee.

Ms. Ng holds directorships in all of the subsidiaries of the Company. Ms. Ng is the spouse of Mr. Wong, the mother of Mr. Vincent Wong and Ms. May Wong, and the sister-in-law of Mr. Wong Man Chiu. Ms. Ng does not hold any directorship in other listed public companies in the last three years.

As at the Latest Practicable Date, Ms. Ng was deemed to be interested in 157,677,000 Shares, representing 59.24% of the total issued Share capital of the Company, held by Skyblue under Part XV of the SFO as she is the one of the beneficiaries of The JetSun Trust. In addition, Ms. Ng was directly interested in 13,617,300 Shares and had family interest of 2,396,000 Shares held by Mr. Wong, representing 5.12% and 0.9% of the total issued Share capital of the Company respectively as at the Latest Practicable Date.

Ms. Ng entered into a service agreement with the Company for an initial term of three years from 22 March 2004 which shall continue thereafter until terminated by either party by serving on the other party not less than six months' notice in writing terminating on or after the expiry of the initial term of three years. She also entered into two supplemental service agreements with the Company subsequently. The amount of remuneration as set out in the supplemental service agreements is approximately HK\$533,000 per annum, which includes an annual fixed sum bonus equal to her one month's fixed director's fee. She is also entitled to a discretionary bonus calculated by reference to a percentage (which is determined by the Board with reference to the Group's results and Ms. Ng's performance) of audited consolidated net

profit of the Group after taxation and minority interest but before extraordinary items of the Group and before such bonus. She is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Apart from this, Ms. Ng has no service contract or proposed service contract with any other members of the Group. The amount of the emoluments payable to Ms. Ng under the service contract is determined by the remuneration committee of the Board with reference to the level and/or range of remuneration package normally granted by employers in Hong Kong to a senior executive of comparable caliber and job responsibilities.

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

3. WONG WAI SUM, MAY, BBA (HRM), MA (TRANSPOL & PLAN), MIHRM (HK), CMILT

Ms. Wong Wai Sum, May, aged 38, joined the Group in September 2003. She is currently the human resources and deputy finance director of the Company and is responsible for the human resources and financial management of the Group. Prior to joining the Group, Ms. May Wong worked for a leading international airline company. She holds a Master of Arts degree in transport policy and planning from The University of Hong Kong and a bachelor of business administration degree (major in human resources management) from Simon Fraser University in Canada. She received a certificate of international division program in Japanese language and Asian studies in Waseda University in Japan. She has been a chartered member of CILT in Hong Kong and an ordinary member of the Hong Kong Institute of Human Resources Management since 2005. She was appointed as Executive Director on 30 September 2011.

Ms. May Wong is also a director of Aberdeen Maxicab Service Company Limited, which is a subsidiary of the Company. Ms. May Wong is the daughter of Mr. Wong and Ms. Ng, the sister of Mr. Vincent Wong, and the niece of Mr. Wong Man Chiu. Ms. May Wong does not hold any directorship in other listed public companies in the last three years.

As at the Latest Practicable Date, Ms. May Wong was deemed to be interested in 157,677,000 Shares, representing 59.24% of the total issued Share capital of the Company, held by Skyblue under Part XV of the SFO as she is the one of the beneficiaries of The JetSun Trust. In addition, Ms. May Wong was directly interested in 2,497,000 Shares, representing 0.94% of the total issued Share capital of the Company respectively as at the Latest Practicable Date.

Ms. May Wong entered into a service agreement with the Company on 30 September 2011, which shall continue until terminated by either party by serving on the other party not less than six months' notice in writing. She also entered into two supplemental service agreements with the Company subsequently. The amount of remuneration as set out in the supplemental service agreements is approximately HK\$676,000 per annum, which includes an

annual fixed sum bonus equal to her one month's fixed director's fee. She is also entitled to a discretionary bonus calculated by reference to a percentage (which is determined by the Board with reference to the Group's results and Ms. May Wong's performance) of audited consolidated net profit of the Group after taxation and minority interest but before extraordinary items of the Group and before such bonus. She is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Apart from this, Ms. May Wong has no service contract or proposed service contract with any other members of the Group. The amount of the emoluments payable to Ms. May Wong under the service contract is determined by the remuneration committee of the Board with reference to the level and/or range of remuneration package normally granted by employers in Hong Kong to a senior executive of comparable caliber and job responsibilities.

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

4. KWONG KI CHI, GBS, JP

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

As at the Latest Practicable Date, Mr. Kwong was directly interested in 330,000 Shares, representing 0.12% of the total issued Share capital of the Company. He also personally held options to subscribe for 300,000 Shares as at the Latest Practicable Date. Save as disclosed above, Mr. Kwong does not have any other interests in the Shares within the meaning of Part XV of the SFO.

Mr. Kwong has entered into a service contract with the Company on 6 March 2014 and is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association. He is entitled to receive from the Company a director's emolument of HK\$336,000 per annum which is determined by the Board and its remuneration committee with reference to his duties and responsibilities within the Company. Apart from the foregoing, Mr. Kwong has not held any directorship in any other listed public companies in the last three years and has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. Other than being an Independent Non-Executive Director, Mr. Kwong does not hold any other positions in the Company or any of its subsidiaries.

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

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

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

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$26,612,500 divided into 266,125,000 fully paid Shares.

Subject to the passing of the resolution granting the proposed Repurchase Mandate and on the basis that no further Shares will be issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 26,612,500 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASE

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

FUNDING OF REPURCHASE

Repurchase must be funded out of funds which are legally available for such purpose in accordance with the Memorandum and Articles of Association and the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (“Companies Law”). The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands law, repurchase by the Company may only be made out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital under certain circumstances.

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

POSSIBLE MATERIAL ADVERSE IMPACT

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2014, being the date of its latest audited consolidated financial statements. Therefore, the Directors do not intend to make any repurchase to such an extent as would, in the circumstances, have a material adverse effect on the appropriate working capital requirements or the gearing position of the Company as they would consider from time to time.

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

TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

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

As at the Latest Practicable Date, so far as known to the Directors and according to the register of interests and short positions of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO, Skyblue, a company incorporated in the British Virgin Islands and wholly owned by Metro Success, was interested in 157,677,000 Shares, representing 59.24% of the entire issued capital of the Company. Metro Success is wholly owned by JETSUN, which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBCITL (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 HSBCITL. The discretionary objects of The JetSun Trust are Mr. Wong, Ms. Ng, Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong.

Assuming that Skyblue (being the controlling Shareholder as at the Latest Practicable Date) does not dispose of its Shares, if, which is not presently contemplated, the Repurchase Mandate is to be exercised in full, the percentage of shareholding of Skyblue before such repurchase based on the issued share capital of the Company as at the Latest Practicable Date, being 59.24%, would be increased to approximately 65.83% after such repurchase.

Apart from the aforesaid increase in shareholding held by Skyblue, the Directors are not aware of any consequences of such repurchase of Shares that would result in Skyblue or any other Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. If the Repurchase Mandate is to be exercised in full, the percentage of shareholding held by the existing Shareholders who

being excluded from the definition of “members of the public” given under Rule 8.24 of the Listing Rules, currently altogether holding an aggregate of approximately 72% of the shareholding of the Company, will then exceed 75% and thus, the number of Shares held by the public would fall below 25% of the total number of issued Shares. Nevertheless, the Company has no present intention to repurchase Shares or exercise the Repurchase Mandate in full so that the public float of the Company would not fall below 25% of the total number of issued Shares.

SHARE PRICES

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

	Highest (HK\$)	Lowest (HK\$)
2013		
July	1.40	1.26
August	1.34	1.21
September	1.32	1.18
October	1.22	1.18
November	1.20	1.12
December	1.18	1.08
2014		
January	1.70	1.00
February	1.15	1.02
March	1.10	1.03
April	1.28	1.05
May	1.10	1.00
June	1.11	1.00
July (up to the Latest Practicable Date)	1.08	1.02

SHARE REPURCHASE MADE BY THE COMPANY

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

GENERAL

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

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

**AMS PUBLIC TRANSPORT HOLDINGS LIMITED****進智公共交通控股有限公司***(incorporated in the Cayman Islands with limited liability)***(Stock Code: 77)**

14 July 2014

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 14 July 2014 (“**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 6 to 19 of the Circular, and the letter from the Independent Financial Adviser as set out on pages 31 to 44 of the Circular which contains, among other things, its advice and recommendation to us regarding the terms of the New Minibus Leasing Agreement and the New Annual Cap with the principal factors and reasons for its advice and recommendation.

RECOMMENDATION

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

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

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

The following is the text of the letter of advice from Investec Capital Asia Limited 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 Ltd
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14 July 2014

*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 period from 1 October 2014 to 30 September 2017 are contained in the “Letter from the Board” of the circular to the Shareholders dated 14 July 2014 (the “Circular”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meaning in this letter.

As set out in the Company’s announcement of 23 June 2014, the Lessee, which is a wholly-owned subsidiary of the Company, entered into the New Minibus Leasing Agreement with the Owners under which the Lessee conditionally agreed to rent from the Owners certain minibuses owned by them, and the Owners conditionally agreed to lease such minibuses to the Lessee during the period from 1 October 2014 to 30 September 2017 (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 independent non-executive Directors, namely, Dr. Lee Peng Fei Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi, has been established to consider the terms of the New Minibus Leasing Agreement and the New Annual Cap for the three years ending 30 September 2017.

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 AGM.

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 Group*

The Group is principally engaged in the operation of green minibus services in Hong Kong. As set out in the Prospectus, Green Minibuses are PLBs that provide scheduled services with fixed routes, fares, vehicle allocation, frequency and service hours stipulated by the Transport Department of the Hong Kong Government (the “Transport Department”). Green Minibus routes must be operated by qualified Green Minibus routes operators and are generally offered through open tender by the Transport Department. As at the Latest Practicable Date, the Company operates 60 Green Minibus routes and 2 residents’ bus routes to supplement the Green Minibus services.

The following is the franchised PLB service income of the Group for each of the three financial years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2012 and 2013, which is extracted from the Company’s annual reports and interim reports of the respective period.

	Six months ended		Year ended 31 March		
	30 September		2013	2012	2011
	2013	2012	2013	2012	2011
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Franchised PLB					
service income	178,502	180,073	358,733	334,447	305,225

As indicated in the above table, the Group recorded stable growth in its income for the past three financial years, whereby the turnover in respect of the PLB business increased from approximately HK\$305.2 million for the year ended 31 March 2011 to approximately HK\$358.7 million for the year ended 31 March 2013, representing an average annual compound growth rate of approximately 8.4%. However, for the six months ended 30 September 2013, the Group recorded an unaudited franchised PLB service income of approximately HK\$178.5 million, which is slightly less than that for the corresponding same period in 2012.

As explained in the Company’s interim report for the six months ended 30 September 2013, due to the aggravated shortage of captains and traffic congestion, as well as decrease in average fleet size following the first-phase route rationalisation of one of the Group’s subsidiaries which runs certain routes between Causeway Bay and Sothorn District, the number of journeys travelled by the Group for the six months ended 30 September 2013 was slightly reduced by 1.2% to approximately 2.13 million compared

with that of the corresponding period in 2012. Coupled with the outflow of passengers to MTR and franchised buses since the Government's Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities came into effect from June 2012, the patronage of the Group decreased by approximately 1,124,000, or 3.6%, to approximately 29,737,000 for the six months ended 30 September 2013 as compared with approximately 30,861,000 for the corresponding same period in 2012. As a result, although the Group raised the fares in certain routes ranging from 2.3% to 15.4% during the six months ended 30 September 2013, the drop in patronage caused the Group's turnover to drop by approximately 0.9% to approximately HK\$178.5 million.

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 and Big Three are both owned as to (i) 50% by Mr. Wong and (ii) 50% by Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. May Wong (as to 10%, 5%, 25%, 5% and 5% respectively);
- Maxson and HKCT are both owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. May Wong (as to 10%, 15%, 5%, 5% and 5% respectively), whereas All Wealth is wholly owned by Metro Success, which is wholly and indirectly owned by the Trustee acting as the trustee of The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are members of the Wong Family (excluding Mr. Wong); and
- HKMB is owned as to (i) 60% by Mr. Wong, (ii) 20% by Mr. Vincent Wong and (iii) 20% by Ms. Ng.

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

2. Reasons for the New Minibus Leasing Agreement

The New Minibus Leasing Agreement will be the fifth agreement of this type entered into between the Owners and the Group. The First Original Minibus Leasing Agreement was entered on 22 March 2004 which took effect on 1 April 2003 and continued until 31 March

2006, and the Fourth Original Minibus Leasing Agreement, being the latest one in effect, was entered on 16 February 2012 to further renew the lease for two and a half years from 1 April 2012 to 30 September 2014.

The Fourth Original Minibus Leasing Agreement will soon expire and it is anticipated that the Group will continue to lease from the Owners PLBs for the operation of its Green Minibus routes. Accordingly, for the purposes of governing the Leasing Transactions and ensuring compliance with Chapter 14A of the Listing Rules, the Group entered into the New Minibus Leasing Agreement with the Owners which will be subject to reporting, announcement and 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 Green Minibus 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 Green Minibus routes and is in the line with ordinary and usual industry practice. Hence, we concur with the Directors' view that the entering into the New Minibus Leasing Agreement is in the interests of the 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 October 2014 to 30 September 2017. Pursuant to the New Minibus Leasing Agreement, rentals shall be paid in advance on or before the 5th day of each calendar month. As stated in the Letter from the Board, the terms of the New Minibus Leasing Agreement were arrived at after arm's length negotiation between the parties. The principal terms of the New Minibus Leasing Agreement are summarised as follows:

Rentals

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

Class	Age	Daily rental (inclusive of vehicle license fees and insurance premium)
1	2 years or below	HK\$780
2	Over 2 years	HK\$680

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

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

As discussed with Vigers, we understand that in assessing the market value of the rental payment for PLBs, Vigers considers the market approach as a reasonable basis in the appraisal due to, among other things, the fact that there exists a market on the leasing of PLBs which provides observable market rental. Given the existence of comparable and sufficient market data, Vigers is able to collect the data from the market participants which demonstrate consistent results to support a reasonable conclusion. In particular, Vigers notes that there were a total of 4,350 registered PLBs, of which 3,113 are Green Minibuses, in the market as at the end of April 2014. Although there is no structural trading market established for the lease of PLBs in Hong Kong, the market is efficient enough to indicate a benchmark on the rental as both the minibus owner and the operator can easily access to each other and draw comparison on the rental. Vigers also points out that the PLBs market is highly fragmented, with a few large players and numerous smaller ones. In this connection and for the purposes of assessing the market value of rental for PLBs leasing, Vigers has conducted interviews with the Transport Department, PLB agents, PLB associations and a PLB operator to arrive at an approximation of the average rental price for PLBs. Based on the results of the interviews, Vigers considers that the average prevailing market rental for PLBs in Hong Kong in operation for two years or below and over two years are HK\$804 and HK\$736 per day, respectively. The aforesaid market rental is applicable to the practice that maintenance fee is payable by lessee, whereas licensing fee and insurance are payable by the PLBs owner, regardless of the PLBs powered by diesel engine or liquefied petroleum gas engine.

Having considered the assumptions, the methodology, the basis applied by Vigers in the assessment of the market rental for PLBs and the professional opinion that the PLBs leasing market provides sufficient information on the market rental of which the market data collected indicates a benchmark or market equilibrium PLBs daily rental price, we consider that the Valuation has been conducted on a fair and reasonable basis. As the proposed rental for each class of PLBs under the Benchmark Table is less than the respective daily market rental concluded from the Valuation, we are of the view that the

proposed rentals under the Benchmark Table are not less favourable than the prevailing rentals for PLBs in the market. In addition, since the Group also leases PLBs from other PLB owners who are independent third parties, we have discussed with the Company regarding the comparison between the daily rentals under the Benchmark Table and the existing daily rentals paid by the Group to the independent third parties PLB owners. In this connection, we note that those PLBs leased by the Group are all over two years old and the majority of the daily rental is HK\$700, which is not significantly different from, but in fact slightly higher than, the proposed daily rental of HK\$680 for PLBs aged over two years old under the Benchmark Table. Therefore, we are of the view that the Benchmark Table is actually more favorable to the Company and is fair and reasonable as far as the Independent Shareholders are concerned. In addition, given that the Benchmark Table will be subject to annual review if required by the independent non-executive Directors and may be adjusted in accordance with the then prevailing market rentals as so assessed by an independent valuer, we are also of the view that any adjustment to be made to the Benchmark Table on such basis will be fair and reasonable.

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

We understand from the Company that the Monthly Administration Fee has been determined on a cost plus margin basis. As advised by the Company, save for the 7 PLBs running on routes 31, 40 and 481 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 7 PLBs running on routes 31, 40 and 481 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 Fees at HK\$700 per PLB. On the basis that the Monthly Administration Fee has been based on terms which are no more favourable to the Owners than those offered by the Company to independent third party PLB owners, we consider that the Monthly Administration Fee and the payment arrangement are fair and reasonable as far as the Independent Shareholders are concerned.

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

Number of PLBs subject to lease

Pursuant to the New Minibus Leasing Agreement, the Group will lease a total of 277 PLBs from the Owners and such number of PLBs subject to lease may be varied from time to time during the term of the New Minibus Leasing Agreement by mutual written agreement, provided that the rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table. In addition, the Owners shall be obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 305 (representing the original number of PLBs subject to the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee.

We understand from the Company that the initially agreed number of PLBs (i.e. 277) subject to lease under the New Minibus Leasing Agreement has been based on the actual number of PLBs leased from the Owners to the Group as at the date of the New Minibus Leasing Agreement. Given that the New Minibus Leasing Agreement also provides the Lessee the right, but not the obligation, to demand additional leased PLBs from the Owners, we are of the view that such right will provide the Group flexibility in expanding its PLB fleet size, if necessary, during the term of the New Minibus Leasing Agreement and is therefore in the interests of the 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.

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

Since that the terms of the New Minibus Leasing Agreement are materially the same to the terms of the Fourth 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 2012 and 31 March 2013 which indicated that the auditors of the Company had conducted annual review of the Group's transactions with the Owners under the Fourth Original Minibus Leasing Agreement and had confirmed that, among others, those transactions had been entered into

in accordance with the terms of the Fourth 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 2013 and the period up to 31 May 2014, and noted that such payments had been arrived at in accordance with the terms of the Fourth Original Minibus Leasing Agreement.

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

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

Pursuant to 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 three years term up to 30 September 2017. As noted from the Letter from the Board, having considered the daily rentals of the PLBs payable in accordance with the Benchmark Table, the expected fleet size and the demand of leased PLBs and the actual rentals paid by the Group under the First Original Minibus Leasing Agreement, the Second Original Minibus Leasing Agreement, the Third Original Minibus Leasing Agreement and the Fourth Original Minibus Leasing Agreement since 1 April 2003, the Directors expect the periodic rentals payable by the Group to the Owners under the New Minibus Leasing Agreement to be forecasted as follows:

	Daily Rental (HK\$)	1/10/2014 to 31/3/2015 (HK\$ million)	1/4/2015 to 31/3/2016 (HK\$ million)	1/4/2016 to 31/3/2017 (HK\$ million)	1/4/2017 to 30/9/2017 (HK\$ million)
For PLBs in operation 2 years or below	780	1.4	3.9	8.8	6.6
For PLBs in operation over 2 years	680	<u>33.1</u>	<u>65.5</u>	<u>61.1</u>	<u>28.7</u>
Forecast rentals payable by the Group to the Owners before administration fee		34.5	69.4	69.9	35.3
Forecast annual administration fee income		<u>(1.2)</u>	<u>(2.3)</u>	<u>(2.3)</u>	<u>(1.2)</u>
Forecast rentals payable by the Group to the Owners after administration fee		<u>33.3</u>	<u>67.1</u>	<u>67.6</u>	<u>34.1</u>
Forecast rentals payable by the Group to the Owners with 10% buffer		<u><u>36.6</u></u>	<u><u>73.8</u></u>	<u><u>74.3</u></u>	<u><u>37.5</u></u>

In particular, the Company expects that the rentals payable by the Group under the New Minibus Leasing Agreement to the Owners will not exceed (i) HK\$36,620,000 for the six months ending 31 March 2015; (ii) HK\$74,308,000 for each of the first two financial years ending 31 March 2016 and 2017 respectively; and (iii) HK\$37,563,000 for the six months ending 30 September 2017 (collectively, "New Annual Cap").

As provided by the Company, the following table shows the aggregate value of rentals paid by the Group to the relevant Owners, after deduction of the Monthly Administration Fee, for each of three financial years ended 31 March 2012, 2013 and 2014, which amounted to approximately HK\$47.7 million, HK\$68.7 million and HK\$68.8 million respectively.

	Rentals paid by the Group to the relevant Owners (HK\$ million)	Increase as compared to the previous financial year (%)
For the financial year:		
31 March 2012	47.7	N/A
31 March 2013	68.7	44.0
31 March 2014	68.8	0.1

As explained by the Company, the reason for the substantial increase in the rentals paid by the Group to the relevant Owners in the financial year 2013 from approximately HK\$47.7 million of the previous financial year to approximately HK\$68.7 million is due to the fact that in addition to the rise in the daily rental rates (i.e. the daily rental for PLBs in operation for two years or below had increased from HK\$740 to HK\$800 for the financial year 2013), prior to 1 April 2012, daily rentals for PLBs were segregated into four age bands in accordance with the then prevailing market practice. Accordingly, the Company had paid lesser rentals to the relevant Owners due to the leasing of the PLBs that fell into the older age band with lower daily rental rate. However, with effect from 1 April 2012, the daily rental rates were only categorised into two age bands where any PLBs in operation for over two years would be charged at the same rate. Therefore, the Company had to pay more to the Owners in the absence of cheaper daily rental rates otherwise applicable to PLBs with older age. For the two financial years ended 31 March 2013 and 2014, the rentals paid by the Group to the relevant Owners were substantially unchanged and they amounted to approximately HK\$68.7 million and HK\$68.8 million, respectively.

Based on the Company's forecast of the Leasing Transactions to be carried over from 1 October 2014 to 30 September 2017, we noted that the number of PLBs to be leased from the Owners will be 277 which has been based on the actual number of PLBs leased from the Owners to the Group as at the date of the New Minibus Leasing Agreement. In other words, the Company does not expect its fleet size with respect to the leased PLBs from the Owners to have any change in the near future. In this connection, we have discussed with the Company and noted that as a result of the shortage of captains, traffic congestion and the unpredictable impact of the MTR's South Island Line and West Island Line in the future, the business environment of the minibus industry continues to be challenging. In fact, such view is also consistent with the findings of Vigers that the daily market value for PLBs remains relatively stable. As such, the Company has taken a prudent approach and considers that there may not be a substantial increase in the number of routes the Group is operating as well as the fleet size.

In view of the New Annual Cap that is approximately HK\$74 million per annum over the next three years term up to 30 September 2017, we do not consider such forecasted rentals to be substantially deviated from the historical rentals of approximately HK\$69 million per annum in the past. Given (i) the daily market rentals in the Benchmark Table are arrived at with reference to the Valuation and (ii) the number of Green Minibus routes operated by the Group and its fleet size with respect to the PLBs leased from the relevant Owners at present, we consider the New Annual Cap under the New Minibus Leasing Agreement to be fair and reasonable.

5. Conditions of the New Annual Cap

There are certain conditions of the annual cap pursuant to the Listing Rules, in particular, the restriction of the value of the Leasing Transactions by way of the annual cap for each of the period over the three years term of the New Minibus Leasing Agreement ending 30 September 2017 (i.e. the New Annual Cap) and the annual review by the independent non-executive Directors of the terms of the Leasing Transactions and the New Annual Cap not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. In addition, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the Leasing Transactions are conducted in accordance with the New Minibus Leasing Agreement and that the New Annual Cap not being exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive directors and/or its auditors will not be able to confirm the terms of the Leasing Transactions or the New Annual Cap not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the Leasing Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

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

- (i) the background of and the reasons for the Leasing Transactions;
- (ii) the Leasing Transactions will be conducted in the ordinary and usual course of business of the Group;
- (iii) the rental rates under the New Minibus Leasing Agreement are not less favourable to the Group than the prevailing market rental rates as assessed by Vigers and are therefore fair and reasonable, details of which are set out in the section headed "Principal terms of the New Minibus Leasing Agreement";
- (iv) control procedures, including annual review by the independent non-executive Directors and confirmation from the auditors of the Company in respect of the terms of the Leasing Transactions, are in place to monitor the terms and conditions of the Leasing Transactions; and

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

Based on the above consideration, we are of the opinion that the New Minibus Leasing Agreement is in the interests of the 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 AGM.

Yours faithfully, For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

1. DISCLOSURE OF INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

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

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held in respect of the share options	Total shares held	Approximate percentage of shareholding
Mr. Wong (Note a)	Long Position	Founder of a discretionary trust	Other	157,677,000	—	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	2,396,000	—	2,396,000	0.90%
	Long Position	Spouse of Ms. Ng	Family	13,617,300	—	13,617,300	5.12%
Ms. Ng (Note a)	Long Position	Beneficiary of a discretionary trust	Other	157,677,000	—	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	13,617,300	—	13,617,300	5.12%
	Long Position	Spouse of Mr. Wong	Family	2,396,000	—	2,396,000	0.90%
Mr. Vincent Wong (Notes a & b)	Long Position	Beneficiary of a discretionary trust	Other	157,677,000	—	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	4,502,500	—	4,502,500	1.70%
	Long Position	Spouse of Ms. Loo Natasha Christie	Family	352,000	—	352,000	0.13%
	Long Position	Father of Wong Tin Yan, Chace	Family	2,000,000	—	2,000,000	0.75%

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held in respect of the share options	Total shares held	Approximate percentage of shareholding
Mr. Chan Man Chun	Long Position	Beneficial owner	Personal	2,679,500	—	2,679,500	1.01%
	Long Position	Spouse of Ms. Chan Lai Ling	Family	220,000	—	220,000	0.08%
Ms. May Wong (Note a)	Long Position	Beneficial of a discretionary trust	Other	157,677,000	—	157,677,000	59.24%
	Long Position	Beneficial owner	Personal	2,497,000	—	2,497,000	0.94%
Dr. Lee Peng Fei, Allen	Long Position	Beneficial owner	Personal	330,000	300,000	630,000	0.24%
Dr. Chan Yuen Tak Fai, Dorothy	Long Position	Beneficial owner	Personal	330,000	300,000	630,000	0.24%
Mr. Kwong Ki Chi	Long Position	Beneficial owner	Personal	330,000	300,000	630,000	0.24%

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

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
(1) Skyblue					
Mr. Wong (Note a)	Long Position	Founder of a discretionary trust	Other	2	100%
Ms. Ng (Note a)	Long Position	Beneficiary of a discretionary trust	Other	2	100%
Mr. Vincent Wong (Note a)	Long Position	Beneficiary of a discretionary trust	Other	2	100%
Ms. May Wong (Note a)	Long Position	Beneficiary of a discretionary trust	Other	2	100%
(2) Metro Success					
Mr. Wong (Note a)	Long Position	Founder of a discretionary trust	Other	100	100%
Ms. Ng (Note a)	Long Position	Beneficiary of a discretionary trust	Other	100	100%

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

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
Ms. May Wong (Note c)	Long Position	Beneficiary of a discretionary trust	Other	180,000	60%
	Long Position	Beneficial owner	Personal	15,000	5%
(6) HKCT					
Mr. Wong (Note c)	Long Position	Founder of a discretionary trust	Other	6,000	60%
	Long Position	Spouse of Ms. Ng	Family	1,000	10%
Ms. Ng (Note c)	Long Position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long Position	Beneficial owner	Personal	1,000	10%
Mr. Vincent Wong (Note c)	Long Position	Beneficiary of a discretionary trust	Other	6,000	60%
	Long Position	Beneficial owner	Personal	1,500	15%
Ms. May Wong (Note c)	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 were held by Skyblue, which is a wholly owned subsidiary of Metro Success. Metro Success is a wholly owned subsidiary of JETSUN, which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining 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) As at the Latest Practicable Date, Mr. Vincent Wong held 2,000,000 Shares as trustee for the benefit of his son Mr. Wong Tin Yan, Chase (a minor).
- (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.

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 chief executive of the Company had any interest and short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and

8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

Share Options

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

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

Outstanding share options

Details of the outstanding share options of the Company as at the Latest Practicable Date which have been granted under the 2004 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</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: Employees</i>	20/10/2011	4,350,000	20/10/2011– 19/10/2021	1.60	4,050,000
Total all categories					<u><u>4,950,000</u></u>

Note: The closing prices 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
The Trustee	<i>(Note a)</i>	157,677,000	59.24%
JETSUN	<i>(Note a)</i>	157,677,000	59.24%
Metro Success	<i>(Note a)</i>	157,677,000	59.24%
Skyblue	<i>(Note a)</i>	157,677,000	59.24%
HSBC Trustee (Cook Islands) Limited ("HTCIL")	<i>(Notes b)</i>	14,850,000	5.58%
The Seven International Holdings Limited ("SIHL")	<i>(Note b)</i>	14,850,000	5.58%
The Seven Capital Limited ("SCL")	<i>(Note b)</i>	14,850,000	5.58%

Notes:

- (a) As at the Latest Practicable Date, a total of 157,677,000 Shares were held by Skyblue, a wholly-owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by 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 14,850,000 Shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HTCIL.

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

Save as disclosed herein, the Company had not been notified of any other person (other than a Director or chief executive of the Company) 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.

2. 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 letter or valuation report dated 14 July and 17 June 2014 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.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, Mr. Wong, Ms. Ng, Mr. Vincent Wong and Ms. May Wong, all being Executive Directors, were indirectly interested in the Fourth Original Minibus Leasing Agreement entered into between the Lessee as lessee and the Original Owners as lessors. The lessors are beneficially owned and controlled by the major Shareholders, the Wong Family or its member(s). The consideration, net of administration fee of HK\$700 per minibus per month, paid for the period from 1 April 2014 to the Latest Practicable Date was HK\$18,860,000.

Save as the aforesaid, as at the Latest Practicable Date: (i) none of the Directors or the experts named in paragraph 2 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 2014, 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.

4. 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.

5. 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 2014 (the date to which the latest audited financial statements of the Group were made up) up to the Latest Practicable Date.

6. SERVICE CONTRACTS

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

As for the Independent Non-Executive Directors, all of them are appointed on terms not more than 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).

7. 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.

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the First Original Minibus Leasing Agreement;
- (b) the Second Original Minibus Leasing Agreement;
- (c) the Third Original Minibus Leasing Agreement;
- (d) the Fourth Original Minibus Leasing Agreement, which is also the contract referred to in paragraph 3 of this Appendix;
- (e) the New Minibus Leasing Agreement;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 29 to 30 of this circular;
- (g) the letter from the Independent Financial Adviser, the text of which is set out on pages 31 to 44 of this circular;
- (h) the written consent of the experts referred to in paragraph 2 of this Appendix; and
- (i) the service contracts referred to in paragraph 6 of this Appendix.



AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

NOTICE IS HEREBY GIVEN that an annual general meeting (“AGM”) of AMS Public Transport Holdings Limited (“Company”) will be held at Room 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Hong Kong on 28 August 2014, Thursday at 11:00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements and the reports of the directors (“Directors”) and auditors of the Company and its subsidiaries for the year ended 31 March 2014.
2. To declare a special dividend for the year ended 31 March 2014.^{Note 5}
3. (a) To re-elect the retiring Directors.
(b) To authorise the board of Directors to fix their remuneration.
4. To re-appoint the retiring auditors and authorise the board of Directors to fix their remuneration.
5. To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolutions:
(A) “**THAT:**
 - (1) a general mandate be and is hereby unconditionally given to the board of Directors of the Company during the Relevant Period (as defined below) to issue, allot or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power (“Issue Mandate”), subject to the following conditions:
 - (a) the Issue Mandate shall not extend beyond the Relevant Period save that the board of Directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and

NOTICE OF AGM

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

(2) for the purpose of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by its Memorandum and Articles of Association or any applicable laws of the Cayman Islands to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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

NOTICE OF AGM

(B) **“THAT:**

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

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

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

(2) for the purpose of this resolution:

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

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

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

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

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

NOTICE OF AGM

6. “THAT

- (a) the agreement (“New Minibus Leasing Agreement”) dated 23 June 2014 and conditionally entered into between Maxson Transportation Limited, Glory Success Transportation Limited, Hong Kong & China Transportation Consultants Limited, Big Three Limited and Hong Kong Metropolitan Bus Limited as owners and Gurnard Holdings Limited (a wholly-owned subsidiary of the Company) as lessee in relation to, among other things, the leasing of public light buses for a term of 3 years from 1 October 2014 to 30 September 2017 (both days inclusive), a copy of which has been produced to the meeting marked “A” and has been initialed by the Chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved and that any one Director of the Company be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such other documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company’s seal to the relevant documents) to carry into effect or to give effect to the New Minibus Leasing Agreement and all transactions contemplated thereunder, including such changes and amendments thereto as such Director may consider necessary, desirable or expedient; and
- (b) the New Annual Cap (such term shall have the meaning as defined in the circular to the shareholders of the Company dated 14 July 2014) be and is hereby approved and that any one Director be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company’s seal to the relevant documents) in connection therewith.”

By order of the Board
AMS Public Transport Holdings Limited
Wong Man Kit
Chairman

Hong Kong, 14 July 2014

NOTICE OF AGM

Notes:

- (1) A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies (if the member holds two or more shares) to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, 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 AGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude a member from attending and voting at the AGM if the member so desires.
- (3) In order to attend and vote at the AGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 27 August 2014, Wednesday.
- (4) For determining the entitlement to the proposed special dividends, the register of members of the Company will be closed from 5 September 2014, Friday to 11 September 2014, Thursday (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed special dividends to be approved at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with Union Registrars Limited for registration not later than 4:00 p.m. on 4 September 2014, Thursday.
- (5) If approved, cheques for the special dividends will be payable on 12 September 2014, Friday. No final dividend for the year ended 31 March 2014 was recommended by the board of Directors.
- (6) As at the date of this notice, the Executive Directors of the Company are Mr. Wong Man Kit (Chairman), Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent (Vice Chairman), Mr. Chan Man Chun (Chief Executive Officer) & Ms. Wong Wai Sum, May, and the Independent Non-Executive Directors are Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.