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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)

DISCLOSEABLE TRANSACTION FINANCE LEASES ARRANGEMENT

The Board is pleased to announce that, (i) for the purpose of financing the Group's acquisition of two new PLB Licences and PLBs, HKM (a wholly owned subsidiary of the Company) entered into the 2016 HP Agreements with HSBC on 17 November 2016 ("**First HP Transactions**") and (ii) for the purpose of obtaining more favourable interest rate terms, EITE and Global Win (both being wholly owned subsidiaries of the Company) terminated the Original HP Agreements and entered into the 2017 HP Agreements with HSBC on 3 March 2017 ("**Second HP Transactions**"). As far as the First HP Transactions are concerned, the total hire purchase price under the 2016 HP Agreements is approximately HK\$10,196,000. As regards the Second HP Transactions, the early repayment amount under the Original HP Agreements and the hire purchase price under the 2017 HP Agreements in total amount to approximately HK\$71,695,000.

As the First HP Transactions and the Second HP Transactions are similar in nature and all took place within the past 12 months from the date of this announcement, the transaction sums under the First HP Transactions and the Second HP Transactions shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. Since the aggregated transaction sums of the First HP Transactions and the Second HP Transactions amount to approximately HK\$81,891,000, the First HP Transactions and the Second HP Transactions on an aggregate basis constitute a discloseable transaction of the Group as certain relevant percentage ratios exceed 5% but all of them are below 25% and is subject to the reporting and announcement requirements under Rule 14.33 of the Listing Rules.

THE FIRST HP TRANSACTIONS

Entering into the 2016 HP Agreements

Dates of the 2016 HP Agreements

17 November 2016

Parties

- (1) HKM as hirer; and
- (2) HSBC as owner.

Subject Assets under the 2016 HP Agreements

The subject assets under the 2016 HP Agreements are two PLB Licences and the two corresponding PLBs (“**First Subject Assets**”). HKM sold the First Subject Assets to HSBC at an aggregate purchase consideration of HK\$8,000,000 (“**First Purchase Consideration**”), which was determined after arm’s length negotiations between the parties having regard to the market value of the First Subject Assets and the industrial practice of similar hire purchase arrangements. HSBC then leases back the First Subject Assets to HKM for use on and subject to the terms and conditions of the 2016 HP Agreements. The total book value of the First Subject Assets is HK\$10,313,000 as at the date of this announcement. The net profit or loss (before and after taxation and extraordinary items) attributable to the First Subject Assets for the years ended 31 March 2015 and 2016 are as follows:

	<i>For the year ended 31 March 2015</i>	<i>For the year ended 31 March 2016</i>
Net (loss)/profit before taxation and extraordinary items	HK\$(346,000)	HK\$187,000
Net (loss)/profit after taxation and extraordinary items	HK\$(388,000)	HK\$137,000

Hire purchase price and the hiring terms

Under the 2016 HP Agreements, the aggregate hire purchase price payable by HKM is approximately HK\$10,196,000, comprising the First Purchase Consideration of HK\$8,000,000 and the aggregate hire charges of approximately HK\$2,196,000 (subject to adjustment as explained below), payable in 300 monthly instalments in 25 years, which shall be the hire period. The hire charges denote interest on the principal advanced by HSBC calculated at the rate equivalent to Hong Kong dollar prime rate minus 2.98% per annum, which is, as at the date of this announcement, equivalent to 2.02% per annum under the prevailing prime rate fixed by HSBC.

After entering into the 2016 HP Agreements, HKM has received an aggregate actual sum advanced by HSBC of HK\$8,000,000, which was used for acquiring PLB Licences and PLBs to expand the Group's fleet size.

THE SECOND HP TRANSACTIONS

i. Termination of the Original HP Agreements

EITE and Global Win entered into the Original HP Agreements with HSBC respectively on (i) 12 August 2003 (by EITE), and (ii) 19 December 2003, 13 January 2004, 15 January 2004 and 25 February 2013 (by Global Win) to hire twelve PLB Licences and the twelve corresponding

PLBs on finance leases for the Group's operational purpose. In order to obtain more favourable interest rate terms (i.e. lower interest rate) from HSBC, EITE and Global Win terminated the Original HP Agreements on 3 March 2017 and entered into the 2017 HP Agreements on the same day. EITE and Global Win redeemed the twelve PLB Licences and the twelve corresponding PLBs and terminated the Original HP Agreements by early repaying the total outstanding balance and paying the early redemption fees in total amounting to approximately HK\$30,912,000 pursuant to the terms of the Original HP Agreements. The early repayment was funded by the sum advanced by HSBC under the 2017 HP Agreements.

ii. Entering into the 2017 HP Agreements

Dates of the 2017 HP Agreements

3 March 2017

Parties

- (1) EITE and Global Win as hirer respectively; and
- (2) HSBC as owner.

Subject Assets under the 2017 HP Agreements

The subject assets under the 2017 HP Agreements are eight PLB Licences and the eight corresponding PLBs ("**Second Subject Assets**"), all of which were the subject assets under the Original HP Agreements. EITE and Global Win sold the Second Subject Assets to HSBC at an aggregate purchase consideration of HK\$32,000,000 ("**Second Purchase Consideration**"), which was determined after arm's length negotiations between the parties having regard to the market value of the Second Subject Assets and the industrial practice of similar hire purchase arrangements. HSBC then leases back the Second Subject Assets to EITE and Global Win for use on and subject to the terms and conditions of the 2017 HP Agreements. The total book value of the Second Subject Assets is HK\$40,720,000 as at the date of this announcement. For the years ended 31 March 2015 and 2016, the net profits before taxation and extraordinary items attributable to the Second Subject Assets were approximately HK\$815,000 and HK\$922,000 respectively, and the net profits after taxation and extraordinary items attributable to the Second Subject Assets were approximately HK\$664,000 and HK\$783,000 respectively.

Hire purchase price and the hiring terms

Under the 2017 HP Agreements, the aggregate hire purchase price payable by EITE and Global Win is approximately HK\$40,783,000, comprising the Second Purchase Consideration of HK\$32,000,000 and the aggregate hire charges of approximately HK\$8,783,000 (subject to adjustment as explained below), payable in 300 monthly instalments in 25 years, which shall be the hire period. The hire charges denote interest on the principal advanced by HSBC calculated at the rate equivalent to Hong Kong dollar prime rate minus 2.98% per annum, which is, as at the date of this announcement, equivalent to 2.02% per annum under the prevailing prime rate fixed by HSBC.

After entering into the 2017 HP Agreements, EITE and Global Win could receive an aggregate actual sum advanced by HSBC of HK\$32,000,000, of which approximately HK\$30,912,000 has been used for early repaying the outstanding balance and ancillary fees under the Original

HP Agreements. Therefore, the total net cash received by EITE and Global Win after the completion of the Second HP Transactions is approximately HK\$1,088,000, which would be used as general working capital of the Group.

OTHER MAJOR TERMS OF THE 2016 HP AGREEMENTS AND THE 2017 HP AGREEMENTS

Ownership of the First Subject Assets and the Second Subject Assets

Ownership of the First Subject Assets and Second Subject Assets during the hire period shall vest in HSBC. Upon expiry of the hire period and subject to the full payment of the entire amount of the hire purchase price and other fees and expenses under the 2016 HP Agreements and the 2017 HP Agreements (as the case may be), HKM, EITE and Global Win (as the case may be) are eligible to redeem the First Subject Assets and Second Subject Assets (as the case may be).

After entering into the 2016 HP Agreements and the 2017 HP Agreements, in substance, HKM, EITE and Global Win (as the case may be) retain all the risks and rewards incident to ownership of the First Subject Assets and the Second Subject Assets (as the case may be) and enjoy substantially the same rights to their use as before the financing arrangement. Therefore, from the accounting prospective, the arrangements under the 2016 HP Agreements and the 2017 HP Agreements will be recognised and booked as bank borrowings from HSBC instead of finance leases in the financial statements of HKM, EITE and Global Win respectively. Same accounting treatment was used in recognising the bank borrowings under the Original HP Agreements.

Corporate Guarantee

The Company has provided a corporate guarantee to HSBC to secure the obligations of HKM, EITE and Global Win under the 2016 HP Agreements and the 2017 HP Agreements. The Directors are of the view that such guarantee is made for the benefit of the Group on normal commercial terms. No security over the assets of the Company or other security is given or required as part of or in connection with the 2016 HP Agreements and the 2017 HP Agreements.

PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP

The Group is principally engaged in the operation of green minibus transportation service in Hong Kong.

INFORMATION OF HSBC

HSBC and its subsidiaries are principally engaged in the provision of banking and related financial services mainly in Hong Kong, China and Asia Pacific region. HSBC's parent company, HSBC Holdings plc is listed on the main board of the Stock Exchange. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HSBC and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board considers that (i) the First HP Transactions would enable the Group to obtain additional working capital for the development of the Group's principal business by acquiring new PLB Licences and PLBs to expand its fleet size, and (ii) the Second HP Transactions would enable the Group to reduce its finance costs payable by lowering the annual interest rate by approximately 30 basis points (i.e. 0.30%) on the weighted average under the 2017 HP Agreements, based on the prevailing market interest rate as at the date of this announcement.

The Directors consider that (i) the termination of the Original HP Agreements in the manner aforesaid, (ii) the entering into of the 2016 HP Agreements and the 2017 HP Agreements and the terms thereof, and (iii) the provision of the corporate guarantee by the Company as aforesaid and the terms thereof are all fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Original HP Agreements, the 2016 HP Agreements, the 2017 HP Agreements or the said corporate guarantee or is required to abstain from voting on the Board resolutions for considering and approving the early termination of the Original HP Agreements and the entering into of the 2016 HP Agreements, the 2017 HP Agreements and the said corporate guarantee.

IMPLICATIONS UNDER THE LISTING RULES

As the First HP Transactions and the Second HP Transactions are similar in nature and all took place within the past 12 months from the date of this announcement, the transaction sums under the First HP Transactions and the Second HP Transactions shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. Since the aggregated transaction sums of the First HP Transactions and the Second HP Transactions amount to approximately HK\$81,891,000, the First HP Transactions and the Second HP Transactions on an aggregate basis constitute a discloseable transaction of the Group as certain relevant percentage ratios exceed 5% but all of them are below 25% and is subject to the reporting and announcement requirements under Rule 14.33 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

- “2016 HP Agreements”** the two hire purchase agreements both dated 17 November 2016 entered into between HKM and HSBC in relation to the hire purchase arrangement of two PLB Licences and the two corresponding PLBs respectively;
- “2017 HP Agreements”** refers to:
- i. the hire purchase agreement dated 3 March 2017 entered into between EITE and HSBC in relation to the hire purchase arrangement of a PLB Licence and the corresponding PLB; and
 - ii. the seven hire purchase agreements all dated 3 March 2017 entered into between Global Win and HSBC in relation to the hire purchase arrangement of the seven PLB Licences and the seven corresponding PLBs respectively.
- “Board”** the board of Directors;
- “Company”** AMS Public Transport Holdings Limited (進智公共交通控股有限公司), a company incorporated in the Cayman Islands with limited liability, which issued shares are listed on the Stock Exchange;
- “Director(s)”** director(s) of the Company;
- “EITE”** Eastern International Transport Engineering Limited (東方國際交通工程有限公司), a limited liability company incorporated in Hong Kong with company number 544018, which is wholly owned by the Company;

“Global Win”	Global Win Transportation Limited (高陞運輸有限公司), a limited liability company incorporated in Hong Kong with company number 769866, which is wholly owned by the Company;
“Group”	the Company together with its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKM”	Hong Kong Maxicab Limited (香港專線小巴有限公司), a limited liability company incorporated in Hong Kong with company number 130942, which is wholly owned by the Company;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a subsidiary of HSBC Holdings plc whose issued shares are listed on the main board of Stock Exchange;
“Listing Rule”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Original HP Agreements”	refers to: <ul style="list-style-type: none"> i. the hire purchase agreement dated 12 August 2003 entered into between EITE and HSBC in relation to the hire purchase arrangement of a PLB Licence and the corresponding PLB; and ii. the eleven hire purchase agreements respectively dated 19 December 2003 (in respect of the first one), 13 January 2004 (in respect of the second to the fourth one), 15 January 2004 (in respect of the fifth to the seventh one) and 25 February 2013 (in respect of the remaining four) entered into between Global Win and HSBC in relation to the hire purchase arrangement of eleven PLB Licences and the eleven corresponding PLBs respectively;

“ PLB(s) ”	public light bus(es) being minibus(es) that is/are licensed to carry a maximum of 16 passengers in Hong Kong;
“ PLB Licences ”	the public light bus licences;
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ % ”	per cent.

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

Hong Kong, 3 March 2017

Members of the Board as at the date of this announcement:

Executive Directors

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

Independent Non-Executive Directors

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