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

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

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AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

VERY SUBSTANTIAL DISPOSAL

A notice convening an extraordinary general meeting (“**EGM**”) of the Company to be held at Rooms 1301-1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 28th July 2011 at 11:00 a.m. is set out on pages 53 to 54 of this circular. Whether or not you are able to attend the meeting in person, you are advised to read the notice and complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same 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 EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

13th July 2011

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DEFINITIONS

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

“Agreement”	the agreement for the sale and purchase of the Sale Share dated 27th April 2011 entered into between the Company and TILS in relation to the Disposal;
“Announcement”	the announcement of the Company dated 27th April 2011 in relation to the Agreement and the Disposal;
“Board”	the board of Directors;
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business (excluding Saturday);
“Chinalink Group”	Chinalink Express, Chinalink Transport and their respective subsidiaries collectively;
“Chinalink Express”	Chinalink Express Holdings Limited (中港通集團有限公司), a company incorporated in Hong Kong with limited liability, with its issued share capital wholly and beneficially owned as to 80% and 20% by Elegant Sun and Mr. Chan respectively;
“Chinalink Transport”	Chinalink Transport Group Limited (中港通客運集團有限公司), a company incorporated in Hong Kong with limited liability, with its issued share capital wholly and beneficially owned as to 80% and 20% by Elegant Sun and Mr. Chan respectively;
“Company”	AMS Public Transport Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange;
“Completion Accounts”	the audited consolidated financial accounts of Chinalink Group for the period from 1st April 2011 to the Completion Date to be prepared in accordance with the generally accepted accounting principles in Hong Kong by an auditor as the Company shall appoint;

DEFINITIONS

“Completion Date”	29th July 2011 or such other date as the Company and TILS shall mutually agree in writing;
“Director(s)”	the director(s) of the Company;
“Disposal”	disposal of the Sale Share to TILS pursuant to the terms of the Agreement;
“EGM”	the extraordinary general meeting of the Company to be convened and held at 11:00 a.m. on 28th July 2011 for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including but not limited to the Disposal);
“Elegant Sun”	Elegant Sun Group Limited (旭雅集團有限公司), a company incorporated in the British Virgin Islands with limited liability, directly and wholly-owned by the Company;
“Final Payment Date”	the corresponding date exactly three calendar months after the Completion Date. In the event such corresponding date does not exist, “Final Payment Date” shall be an earlier date closest to the corresponding date;
“Group”	the Company together with its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KCB”	Kwoon Chung Bus Holdings Limited (冠忠巴士集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 0306);
“Latest Practicable Date”	4th July 2011, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Chan”	Mr. Chan Chung Yee, Alan (陳宗彝), one of the shareholders of each of Chinalink Express and Chinalink Transport, legally and beneficially interested in 20% of the equity interest in each of the said companies. Mr. Chan is also a director of the companies within Chinalink Group and is therefore a connected person of the Company at the level of subsidiaries;
“Net Tangible Asset Value”	the amount arrived at after deducting the aggregated intangible asset value recognized according to the generally accepted accounting principles in Hong Kong (including but not limited to goodwill, trademarks, trade names, royalties and PSL) of Chinalink Group from the aggregated net asset value of Chinalink Group as determined with reference to the Completion Accounts;
“PSL”	passenger service licence for non-franchised bus services granted by the Transport Department of Hong Kong;
“PRC”	the People’s Republic of China;
“Remaining Group”	the Group excluding Elegant Sun and Chinalink Group;
“Sale Share”	1 share, representing the entire issued share capital of Elegant Sun, legally and beneficially held by the Company as at the date of this circular;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“TILS”	Trans-Island Limousine Service Limited (環島旅運有限公司), a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of KCB;
“Tsuen Wan Line”	Tsuen Wan (of Hong Kong) – Huanggang (of Shenzhen) 24-hour cross-boundary shuttle service;
“Wong Family”	Mr. Wong Man Kit, Ms. Ng Sui Chun and their son, Mr. Wong Ling Sun, Vincent, and their daughters Ms. Wong Wai Sze, Cecilia, Ms. Wong Wai Sum, May and Ms. Wong Wai Man, Vivian; and
“%”	per cent.

LETTER FROM THE BOARD



AMS PUBLIC TRANSPORT HOLDINGS LIMITED 進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

Executive Directors:

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

Registered Office:

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

Independent Non-Executive Directors:

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

Head Office and Principal Place of

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

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

Reference is made to the Announcement which stated that on 27th April 2011, the Company entered into the Agreement with TILS whereby the Company agreed to sell and TILS agreed to acquire the Sale Share at a total consideration of HK\$300,000,000 (subject to adjustment) upon and subject to the terms and conditions of the Agreement. Upon completion of the Disposal, Chinalink Group will cease to be a subsidiary of the Company, and be wholly-owned by TILS instead.

The purpose of this circular is to provide you with further information relating to, amongst other things, details of the Agreement and the Disposal, notice of the EGM and such other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date

27th April 2011

Parties

- (1) The Company; and
- (2) TILS (a wholly-owned subsidiary of KCB).

Subject Asset to be disposed of under the Agreement

The Sale Share, being the entire issued share capital of Elegant Sun.

Consideration

The total consideration payable to the Company by TILS for the acquisition of the Sale Share is HK\$300,000,000 (subject to adjustment), which was determined after arm's length negotiations between the parties, and with reference to a price-to-earnings ratio of 36 times of the latest audited consolidated net profits after taxation and non-controlling interests of Elegant Sun for the financial year ended 31st March 2010 (which amount was approximately HK\$8,324,000).

Payment Terms

According to the terms of the Agreement, the consideration of HK\$300,000,000 for the Disposal shall be paid by TILS to the Company in the following manner:

- (a) on the date of signing of the Agreement, HK\$30,000,000 ("**Deposit**") was paid by way of delivery of a cheque drawn on a licensed bank in Hong Kong made out in favour of the Company or its designated person;
- (b) within 7 Business Days after the Completion Date, HK\$260,000,000 ("**Further Payment**") shall be paid by way of delivery of a cashier order drawn on a licensed bank in Hong Kong made out in favour of the Company or its designated person; and

LETTER FROM THE BOARD

- (c) on the Final Payment Date, the balance of the consideration less the Deposit and the Further Payment (subject to adjustment thereto) (“**Final Payment**”), shall be paid by way of delivery of a cashier order drawn on a licensed bank in Hong Kong made out in favour of the Company or its designated person.

The Final Payment shall be subject to adjustment as follows:

- (a) in the event that the number of PSLs held by Chinalink Group shall be less than 71 in number on the Final Payment Date, TILS shall be entitled to make a deduction from the Final Payment calculated at the rate of HK\$1,200,000 multiplied by the number of PSLs falling short of 71 in number;
- (b) in the event that the number of PSLs held by Chinalink Group shall be more than 71 in number on the Final Payment Date, TILS shall pay to the Company an additional sum of HK\$1,200,000 for each PSL in excess of 71 in number;
- (c) in the event that the Net Tangible Asset Value shall be less than HK\$10,000,000 on the Completion Date, TILS shall be entitled to deduct from the Final Payment a sum equivalent to 80% of the amount of the shortfall;
- (d) in the event that any liabilities shall arise from any claim or taxation (i) incurred and undisclosed to TILS prior to completion of the Disposal; or (ii) disclosed but under-accrued as at the Completion Date, and as evidenced by documentary proof to the reasonable satisfaction of the Company and the amount of such liabilities, if included in the Completion Accounts, would have resulted in the Net Tangible Asset Value falling short of HK\$10,000,000, TILS shall be entitled to deduct 80% of the amount of such shortfall from the Final Payment; and
- (e) if the Final Payment shall be insufficient to satisfy the deductions entitled by TILS under the immediately preceding sub-paragraphs (a) to (d), the Company shall pay the shortfall thereof to TILS within 14 Business Days from the Final Payment Date.

LETTER FROM THE BOARD

Conditions Precedent

According to the principal terms of the Agreement, completion of the Disposal is conditional upon fulfillment of the following conditions precedent or waiver of the same by the relevant party:

- (a) all consents and approvals under the Listing Rules being obtained by the Company including in particular, the consent and approval from the Shareholders by way of resolutions passed at the EGM; and
- (b) all consents and approvals under the Listing Rules being obtained by TILS and/or its parent company KCB including in particular, the consent and approval from KCB's shareholders by way of resolutions passed at extraordinary general meeting specifically convened for the purpose of approving the acquisition of the Sale Share through TILS.

Completion

Subject to the fulfillment of all terms and conditions of the Agreement, the Disposal shall be completed on the Completion Date.

Following completion of the Disposal, Elegant Sun will become wholly-owned by TILS and will cease to be a subsidiary of the Company and its financial results will be deconsolidated from that of the Group thenceforth.

Mr. Chan's Waiver

Pursuant to a shareholders' agreement entered into between the Company and Mr. Chan on 9th January 2006, Mr. Chan was entitled thereunder to exercise his right to purchase 10% of the Company's indirect shareholding in Chinalink Express within 10 years from the date thereof at the price of HK\$15,000,000. In order for the Company to proceed with the Disposal pursuant to the Agreement, the Company obtained from Mr. Chan a deed of waiver in respect of his waiving his option right as aforesaid at nil consideration on 27th April 2011.

As at 31st March 2011, the financial liability provided for the aforesaid Mr. Chan's option right was HK\$2,190,000. As a result of Mr. Chan's waiver of the option right, a gain on reversal of the financial liability amounting to HK\$2,190,000 will be credited in the books of Elegant Sun on 27th April 2011.

LETTER FROM THE BOARD

INFORMATION ON THE DISPOSAL GROUP

Elegant Sun is an investment holding company, which is directly and wholly owned by the Company. As at the Latest Practicable Date, Elegant Sun's core asset comprises 80% of shareholding interest in Chinalink Group through which it is indirectly interested in a number of subsidiaries. Chinalink Group's core business activity is the provision of cross-border coach services connecting Hong Kong and Shenzhen International Airport, Guangzhou, Foshan, Yunfu, Wuzhou, Baoan, Jiangmen and Kaiping and the Tsuen Wan Line.

The consolidated results and net asset values of Elegant Sun are as follows:

	Year ended 31 March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
Profits before taxation, extraordinary items and non-controlling interests	19,704	12,712	4,109
Profits after taxation, extraordinary items and non-controlling interests	<u>12,703</u>	<u>8,324</u>	<u>2,348</u>
	At	At	At
	31 March	31 March	31 March
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
Net asset value attributable to the equity holders of Elegant Sun	<u>27,063</u>	<u>35,387</u>	<u>37,796</u>

PRINCIPAL ACTIVITIES OF THE GROUP

The Group is principally engaged in operations of green minibus transportation services in Hong Kong and cross-boundary public bus transportation services between Hong Kong and the PRC. After completion of the Disposal, the key activities of the Group will focus on the operation of green minibus transportation service in Hong Kong.

LETTER FROM THE BOARD

PRINCIPAL ACTIVITIES OF TILS

TILS is an indirect wholly-owned subsidiary of KCB, a company listed on the Stock Exchange. The principal business of TILS includes the provision of local passenger transportation services in Hong Kong as well as cross-boundary passenger transportation services between Hong Kong and the PRC and also the business of the provision of travel agency services.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, TILS and its ultimate beneficial owner are third parties independent of the Group and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE DISPOSAL

Financially, the profits of Chinalink Group have dropped in recent years due to inflationary surge in operating costs (including without limitation fuel price, labour costs, rentals and cost of repairs) coupled with decrease in revenue of the Tsuen Wan Line since the opening of the MTR's Lok Ma Chau spur line in August 2007, leading to a corresponding contraction in net profit.

The business outlook of Chinalink Group is further overshadowed by the rapid growth of the competing MTR's Lok Ma Chau spur line and the simultaneous expansion of Shenzhen Metro network, as well as the fierce competition on fares in the industry. Also, with the surge in the market price of PSL in recent years, the costs of leasing and/or purchasing cross-boundary coaches have increased significantly. The higher deployment costs limit the expansion of fleet size and extension of routes and places Chinalink Group in considerable difficulty in competing successfully under such fierce competition in the industry.

In view of the poor business outlook of Chinalink Group, strategy-wise, the management considers this a timely opportunity for the Group to capitalize Chinalink Group at a reasonable price before any such adversity transpires resulting in any potential losses to the Group.

Having regard to the potential benefits the Disposal likely to yield to the Group, the Board (including the independent non-executive Directors) considers the terms thereof are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board further believes that the Disposal will enable the Group to better allocate and focus its resources on the provision of green minibus transportation service in Hong Kong.

None of the Directors has a material interest in the Agreement and the Disposal or were required to abstain from voting on the Board resolution for considering and approving the same.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

After completion of the Disposal, the Company will receive an immediate cash of HK\$300,000,000 (subject to adjustment). Having regard to the unaudited consolidated net asset value of Elegant Sun as at 31st March 2011 and the consideration for the Disposal, it is estimated that the contemplated transactions will yield to the Company a book gain of approximately HK\$133,745,000. The said estimation has been calculated with reference to:

- (a) the net proceeds from the consideration being approximately HK\$299,300,000 (net of transaction costs of the Disposal);
- (b) the unaudited consolidated net asset value of Elegant Sun of approximately HK\$39,986,000 as at 31st March 2011, assuming the Disposal and the reversal of a financial liability amounting to HK\$2,190,000 in the books of Elegant Sun as a result of Mr. Chan's waiver of his right in exercising an option had been completed on 31st March 2011;
- (c) the Company's waiver of the estimated balance of the shareholder's loan due and owing to the Company by Elegant Sun amounting to approximately HK\$89,888,000, and the repayment of a bank borrowing of Elegant Sun totaling HK\$36,400,000 by the Company, as at 31st March 2011; and
- (d) re-classification adjustment of cumulative exchange gain on translation of financial statements of foreign operations of the Disposal Group of HK\$719,000 as at 31st March 2011.

However, it should be noted that the actual gain or loss to be derived from the Disposal will ultimately depend on the consolidated net asset value of Elegant Sun as at the Completion Date and the adjustment to the consideration (if any).

Based on the unaudited pro forma financial information on the Remaining Group as set out in Appendix III to this circular, the audited consolidated net asset value attributable to the equity holders of Elegant Sun as at 31st March 2011 was HK\$303,003,000, comprising audited consolidated total assets of HK\$510,613,000, audited consolidated total liabilities of HK\$187,195,000 and non-controlling interests of HK\$20,415,000. The audited consolidated profit for the year attributable to the equity holders of the Company for the year ended 31st March 2011 was HK\$31,836,000.

LETTER FROM THE BOARD

According to the unaudited pro forma financial information on the Remaining Group as set out in Appendix III to this circular, the unaudited pro forma consolidated net assets of the Remaining Group as at 31st March 2011 was HK\$438,219,000, comprising unaudited pro forma consolidated total assets of HK\$512,888,000 and unaudited pro forma consolidated total liabilities of HK\$74,669,000. The unaudited pro forma consolidated profit for the year attributable to the equity holders of the Company for the year ended 31st March 2011 was HK\$165,423,000.

The unaudited pro forma financial information on the Remaining Group is for illustrative purposes only based on the judgements and assumptions of the Directors, and by reason of its hypothetical nature, may not purport to represent the true picture of the financial position of the Group as at 31st March 2011 or at any future date had the Disposal been completed on 31st March 2011 or the financial results and cash flows of the Group for the year ended 31st March 2011 or for any future period had the Disposal been completed on 1st April 2010.

USE OF PROCEEDS

The net proceeds, after taking account of taxes, professional fees and other expenses to be incurred as a result of the Disposal, will be used to repay Elegant Sun's outstanding bank loans amounting to approximately HK\$31,200,000 as at the Latest Practicable Date, and the remaining balance will be set aside to finance future projects in public light bus operations and to serve as general working capital of the Group.

LISTING RULES IMPLICATIONS

As the consideration ratio calculated pursuant to rule 14.07 of the Listing Rules in respect of the Disposal is over 75%, the contemplated transaction therefore constitutes a very substantial disposal of the Company and is subject to the requirements for notification, publication and shareholders' approval at the EGM under rule 14.49 of the Listing Rules. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Agreement and the Disposal.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the purchaser TILS is independent of the Company and its connected persons, and no Shareholder has a material interest in the Agreement which is different from that of the other Shareholders, no Shareholder is therefore required to abstain from voting in respect of the resolution to approve the Agreement and the transactions contemplated thereunder (including but not limited to the Disposal) at the EGM.

LETTER FROM THE BOARD

EGM

An EGM will be convened for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including but not limited to the Disposal). A notice of the EGM is set out on pages 53 to 54 of this circular. Voting at the EGM on the resolution will be taken by poll.

A proxy form for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are advised to read the notice and complete the form of proxy in accordance with the instructions printed thereon and return the same 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 EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder (including but not limited to the Disposal) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

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

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

13th July 2011

Set out on pages 14 to 20 comprise the unaudited consolidated balance sheets of Elegant Sun and its subsidiaries (the “Disposal Group”) as at 31st March 2009, 2010 and 2011, unaudited consolidated income statements, unaudited consolidated statements of comprehensive income, unaudited consolidated statements of changes in equity, and unaudited consolidated cash flow statements of the Disposal Group for each of the years ended 31st March 2009, 2010 and 2011 (the “Financial Information”), which have been prepared in accordance with rule 14.68(2)(a)(i) of Chapter 14 of the Listing Rules and the accounting policies used in the preparation of the consolidated financial statements of the Group as set out in the annual report of the Company for the year ended 31st March 2011. The Financial Information has been reviewed by the Company’s auditors, Grant Thornton Jingdu Tianhua, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and concluded that nothing has come to their attention that causes them to believe that the Financial Information of the Disposal Group is not prepared, in all material respects, in accordance with the accounting policies used in the preparation of the consolidated financial statements of the Group as set out in the annual report of the Company for the year ended 31st March 2011.

UNAUDITED CONSOLIDATED INCOME STATEMENTS

	Year ended 31st March		
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Turnover	127,130	136,458	149,932
Direct costs	<u>(79,574)</u>	<u>(91,634)</u>	<u>(110,556)</u>
Gross profit	47,556	44,824	39,376
Other revenue	1,643	2,780	2,331
Other net income	272	2,963	43
Administrative expenses	(26,343)	(35,063)	(34,674)
Other operating expenses	<u>(711)</u>	<u>(969)</u>	<u>(716)</u>
Operating profit	22,417	14,535	6,360
Finance costs	(2,711)	(1,824)	(2,252)
Share of results of a jointly controlled entity	<u>(2)</u>	<u>1</u>	<u>1</u>
Profit before income tax	19,704	12,712	4,109
Income tax expense	<u>(3,400)</u>	<u>(2,727)</u>	<u>(1,255)</u>
Profit for the year	<u>16,304</u>	<u>9,985</u>	<u>2,854</u>
Profit for the year attributable to:			
Equity holders of Elegant Sun	12,703	8,324	2,348
Non-controlling interests	<u>3,601</u>	<u>1,661</u>	<u>506</u>
	<u>16,304</u>	<u>9,985</u>	<u>2,854</u>

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31st March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	16,304	9,985	2,854
Other comprehensive income			
– Exchange gain on translation of financial statements of foreign operations	<u>167</u>	<u>–</u>	<u>239</u>
Other comprehensive income for the year	<u>167</u>	<u>–</u>	<u>239</u>
Total comprehensive income for the year	<u><u>16,471</u></u>	<u><u>9,985</u></u>	<u><u>3,093</u></u>
Total comprehensive income attributable to:			
Equity holders of Elegant Sun	12,870	8,324	2,409
Non-controlling interests	<u>3,601</u>	<u>1,661</u>	<u>684</u>
	<u><u>16,471</u></u>	<u><u>9,985</u></u>	<u><u>3,093</u></u>

UNAUDITED CONSOLIDATED BALANCE SHEETS

	As at 31st March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	47,081	62,807	68,601
Public bus licences	–	–	5,196
Goodwill	155,327	158,474	158,474
Interest in a jointly controlled entity	134	135	136
Deferred tax assets	40	19	58
	<u>202,582</u>	<u>221,435</u>	<u>232,465</u>
Current assets			
Trade and other receivables	15,933	20,141	19,268
Amount due from a jointly controlled entity	1,252	1,133	1,065
Tax recoverable	–	1,783	770
Bank balances and cash	15,432	8,529	8,892
	<u>32,617</u>	<u>31,586</u>	<u>29,995</u>
Current liabilities			
Borrowings	81,162	89,221	82,280
Trade and other payables	12,140	14,713	15,074
Amount due to group companies	69,788	79,050	91,723
Deferred income	3,785	4,041	5,368
Other financial liability	4,650	2,190	2,190
Other current liability	9,000	–	–
Tax payable	4,033	1,381	686
	<u>184,558</u>	<u>190,596</u>	<u>197,321</u>
Net current liabilities	<u>(151,941)</u>	<u>(159,010)</u>	<u>(167,326)</u>
Total assets less current liabilities	<u>50,641</u>	<u>62,425</u>	<u>65,139</u>

APPENDIX I
FINANCIAL INFORMATION ON THE DISPOSAL GROUP

	As at 31st March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Borrowings	650	1,189	–
Deferred tax liabilities	4,858	6,118	6,928
	<u>5,508</u>	<u>7,307</u>	<u>6,928</u>
Net assets	<u><u>45,133</u></u>	<u><u>55,118</u></u>	<u><u>58,211</u></u>
EQUITY			
Share capital	–	–	–
Reserves	27,063	35,387	37,796
	<u>27,063</u>	<u>35,387</u>	<u>37,796</u>
Equity attributable to equity holders of			
Elegant Sun	27,063	35,387	37,796
Non-controlling interests	18,070	19,731	20,415
	<u>18,070</u>	<u>19,731</u>	<u>20,415</u>
Total equity	<u><u>45,133</u></u>	<u><u>55,118</u></u>	<u><u>58,211</u></u>

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of Elegant Sun				Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital	Translation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
As at 1st April 2008	–	491	13,702	14,193	15,309	29,502
Dividend paid	–	–	–	–	(840)	(840)
Transaction with owners	–	–	–	–	(840)	(840)
Profit for the year	–	–	12,703	12,703	3,601	16,304
Other comprehensive income:						
– Exchange gain on translation of financial statements of foreign operations	–	167	–	167	–	167
Total comprehensive income for the year	–	167	12,703	12,870	3,601	16,471
As at 31st March 2009	–	658	26,405	27,063	18,070	45,133
As at 1st April 2009	–	658	26,405	27,063	18,070	45,133
Profit for the year	–	–	8,324	8,324	1,661	9,985
Total comprehensive income for the year	–	–	8,324	8,324	1,661	9,985
As at 31st March 2010	–	658	34,729	35,387	19,731	55,118
As at 1st April 2010	–	658	34,729	35,387	19,731	55,118
Profit for the year	–	–	2,348	2,348	506	2,854
Other comprehensive income:						
– Exchange gain on translation of financial statements of foreign operations	–	61	–	61	178	239
Total comprehensive income for the year	–	61	2,348	2,409	684	3,093
As at 31st March 2011	–	719	37,077	37,796	20,415	58,211

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31st March		
	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	22,417	14,535	6,360
Adjustment for:			
Depreciation of property, plant and equipment	8,275	9,942	12,064
Imputed interest on other current liability	170	–	–
Change in fair value of other financial liability	–	(2,460)	–
Provision for impairment of trade receivables	–	2	7
Rental income of cross-boundary quota	(982)	(573)	–
Interest income	(87)	(40)	(18)
Net loss/(gain) on disposal of property, plant and equipment	176	(25)	(13)
Operating profit before changes in working capital	29,969	21,381	18,400
Changes in working capital:			
Trade and other receivables	(3,006)	(4,485)	(1,946)
Amount due from a jointly controlled entity	413	119	68
Trade and other payables	(790)	4,002	(109)
Amount due to group companies	3,912	9,262	12,673
Deferred income	3,066	829	1,327
Cash generated from operations	33,564	31,108	30,413
Income tax paid	(4,872)	(5,606)	(168)
Net cash from operating activities	28,692	25,502	30,245

	Year ended 31st March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(5,298)	(23,268)	(15,800)
Purchase of public bus licences	–	–	(4,150)
Proceeds from disposal of property, plant and equipment	1,771	25	242
Interest received	87	40	18
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(1,606)	(3,428)	–
Settlement of consideration payable for acquisition of a subsidiary in prior year	–	(1,599)	–
Payment for extension of operation period of a subsidiary	–	(9,000)	–
Net cash used in investing activities	<u>(5,046)</u>	<u>(37,230)</u>	<u>(19,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new borrowings	–	28,962	21,771
Repayment of borrowings	(16,529)	(22,313)	(29,901)
Interest paid	(2,711)	(1,824)	(2,252)
Dividends paid	(840)	–	–
Net cash (used in)/from financing activities	<u>(20,080)</u>	<u>4,825</u>	<u>(10,382)</u>
Net increase/(decrease) in cash and cash equivalents	3,566	(6,903)	173
Cash and cash equivalents at the beginning of the year	11,755	15,432	8,529
Effect of foreign exchange rate changes, on cash held	111	–	190
Cash and cash equivalents at the end of the year	<u>15,432</u>	<u>8,529</u>	<u>8,892</u>
Analysis of cash and cash equivalents			
Bank balances and cash	<u>15,432</u>	<u>8,529</u>	<u>8,892</u>

1. INDEBTEDNESS STATEMENT**Borrowings**

At the close of business on 31st May 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total bank borrowings amounted to HK\$131,540,000, which comprised secured bank overdrafts of HK\$1,481,000, secured bank borrowings of HK\$85,565,000, unsecured bank borrowings of HK\$44,387,000 and obligations under finance lease of HK\$107,000. HK\$127,678,000 of the total bank borrowings was guaranteed by the Company.

Pledge of assets

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

- (i) pledges of certain property, plant and equipment of the Group with net book value of HK\$45,658,000;
- (ii) pledges of certain public light bus licences and public bus licences with an aggregate carrying value of HK\$105,040,000; and
- (iii) floating charges on certain trade and other receivables with carrying value of HK\$13,832,000, bank balances and cash with carrying value of HK\$9,072,000 and other assets with carrying value of HK\$1,473,000.

Commitments

As at 31st May 2011, the Group had outstanding commitments contracted but not provided for in respect of property, plant and equipment of HK\$9,281,000.

Contingent liabilities

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

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31st May 2011.

Save as aforesaid or as otherwise disclosed herein, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance or acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantee at the close of business on 31st May 2011.

2. MATERIAL ADVERSE CHANGE

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

3. WORKING CAPITAL

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

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP**For the year ended 31st March 2009*****Business Review***

The demand of local green minibus ("GMB") market remained stable, the number of passengers carried in the GMB sector grew by 3.3% during the year ended 31st March 2009. Same as other transport operators, year 2008 was the most difficult year because the international fuel prices surged drastically to a record high at US\$147 per barrel.

Although the global financial crisis later on in the second half year drove the slump of fuel prices, the franchised Public Light Bus ("PLB") operating results were severely hit by the extremely high fuel prices in the first half year. The overall average diesel unit price applied to the franchised PLB operation jumped by 10.9% compared with last year.

During the year, no new route was introduced and the number of routes operated by the Remaining Group maintained at 49 (2008: 49) as at 31st March 2009. The fleet size was also maintained at 299 GMBs (2008: 299 GMBs). The patronage grew by 0.8% to 53.2 million (2008: 52.8 million) during the year, whilst the total mileage traveled remained at around 39.1 million kilometers (2008: 38.9 million kilometers).

The turnover of the franchised PLB operation grew by 2.5% or HK\$7,187,000 to HK\$297,545,000 (2008: HK\$290,358,000) during the year, as a result of fare increment in 10 minibus routes approved by the Transport Department and the growth of patronage. Nevertheless, the profit after income tax dropped by HK\$3,424,000 or 11.5% to HK\$26,461,000 for the year ended 31st March 2009 compared with HK\$29,885,000 in 2008, reflecting the impact of high fuel cost in the first half year and other inflating operating expenses such as repair and maintenance costs and labour costs.

Financial Resources and Liquidity

The Remaining Group's operations were mainly financed by proceeds from operations in this financial year. In terms of liquidity, the current ratio (current assets/current liabilities) slightly dropped to 5.53 times, compared with 5.60 times as at 31st March 2008.

As at 31st March 2009, the gearing ratio of the Remaining Group (defined as the ratio of total liabilities to shareholders' equity) slightly increased to 20.6% (2008: 19.8%), mainly due to the reduction in total equity owing to the devaluation of PLB licence from HK\$6,400,000 to HK\$5,690,000 per PLB licence during the year. The revaluation reserve on PLB licence hence decreased to HK\$33,897,000 (2008: HK\$48,807,000).

As at 31st March 2009, the Remaining Group had banking facilities totaling HK\$35,819,000 (2008: HK\$37,284,000) of which approximately HK\$27,193,000 (2008: HK\$28,336,000) were utilized.

The borrowings balance decreased to HK\$27,193,000 (2008: HK\$28,336,000). There was no inception of borrowings during the year and the decrease of the borrowings balance was due to the scheduled loans repayment.

As at 31st March 2009, the bank balances and cash of the Remaining Group increased to HK\$23,092,000 (2008: HK\$22,213,000). All of the cash and bank deposits were denominated in Hong Kong dollars as at 31st March 2009 and 31st March 2008.

Currency and Financial Risk Management

The income of the franchised PLB operation of the Remaining Group is either received in cash or collected by Octopus Cards Limited and remitted to the Remaining Group on the next business day, thus, the operation does not have any significant credit risk.

Since the income and expenditures of the Remaining Group are denominated in Hong Kong dollars, the Remaining Group does not anticipate any significant currency risk derived from the Remaining Group's operating activities.

As for financing activities, all borrowings for the financial year ended 31st March 2009 were denominated in Hong Kong dollars and on floating interest rate basis. The practice effectively eliminated the currency risk and the management is of the view that the Remaining Group is not subject to any significant interest rate risk.

Pledge of Assets

The pledged assets of the Remaining Group were as follows:

	As at 31st March 2009 HK\$'000	As at 31st March 2008 HK\$'000
Property, plant and equipment	5,126	12,047
PLB licences	45,520	51,200

Contingent Liabilities

The Remaining Group had no material contingent liabilities as at 31st March 2009 and 2008.

Employees and Remuneration Policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Remaining Group. Employee benefit expenses incurred for the year were HK\$112,723,000 (2008: HK\$110,535,000), representing 41.0% (2008: 41.5%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus might be granted to eligible employees with reference to the Remaining Group's performance and individual's contribution. Other benefits include share option scheme, retirement plan and training schemes.

The headcounts of the Remaining Group were as follows:

	As at 31st March 2009	As at 31st March 2008
Captains	922	870
Administrative staff	85	84
Technicians	41	40
Total	<u>1,048</u>	<u>994</u>

For the year ended 31st March 2010***Business Review***

Demand in the local GMB market remained stable. The number of passengers carried in the GMB sector grew by 1.1% during the year ended 31st March 2010. Since the outbreak of the global financial crisis in late 2008, the franchised PLB operation results have gradually recovered as a result of the slump in fuel price. The overall average diesel unit price applied to the franchised PLB operation dropped by 17.6% as compared with last year.

During the year, one new route running between Aberdeen and Wong Chuk Hang was introduced and the number of routes operated by the Remaining Group was increased to 50 (2009: 49) as at 31st March 2010. The fleet size was also enlarged to 307 GMBs (2009: 299 GMBs). Patronage grew by 1.3% to 53.9 million (2009: 53.2 million) during the year, whilst the total mileage traveled increased to around 39.5 million kilometers (2009: 39.1 million kilometers).

The average fleet age increased to 6.9 years as at 31st March 2010 (2009: 5.9 years). The replacement of aged minibuses has been suspended because the management is of the opinion that there is no fit model of minibuses on the market at the moment. Technical problems have been found in the Euro IV engine minibuses which affect operation efficiency. The management kept awaiting new model or technical solutions from the manufacturers.

The natural growth in patronage made the turnover of the franchised PLB operation grew by HK\$5,209,000 or 1.8% to HK\$302,754,000 (2009: HK\$297,545,000) during the year. The profit after income tax jumped by 49.1% to HK\$39,442,000 (2009: HK\$26,461,000) for the year ended 31st March 2010. The significant improvement in profit was mainly attributable to the decrease in fuel price following the financial tsunami. The fuel costs expended by the PLB operation for the year dropped by 16.2% or HK\$9,603,000 to HK\$49,676,000 (2009: HK\$59,279,000).

Financial Resources and Liquidity

The Remaining Group's operations were mainly financed by proceeds from its operations.

The current ratio (current assets/current liabilities) improved to 6.10 as at 31st March 2010 (2009: 5.53), which was mainly attributable to less fuel expenses payments and thus, increase in bank balances and cash.

The gearing ratio (total liabilities/shareholders' equity) of the Remaining Group reduced to 17.5% as at 31st March 2010 (2009: 20.6%) because the shareholders' equity increased as a result of the revaluation surplus of PLB licences of HK\$17,010,000. The market value of a PLB licence was HK\$6,500,000 as at 31st March 2010 (2009: HK\$5,690,000).

As at 31st March 2010, the Remaining Group had banking facilities totaling HK\$34,294,000 (2009: HK\$35,819,000) of which HK\$25,024,000 (2009: HK\$27,193,000) were utilized.

The borrowings balance decreased to HK\$25,024,000 (2009: HK\$27,193,000). There was no inception of borrowings during the year and the decrease of the borrowings balance was due to the scheduled loans repayment.

As at 31st March 2010, the Remaining Group had bank balances and cash amounting to HK\$29,723,000 (2009: HK\$23,092,000). All of the cash and bank deposits were denominated in Hong Kong dollars as at 31st March 2010 and 31st March 2009.

Currency and Financial Risk Management

The income of the franchised PLB operation of the Remaining Group is either received in cash or collected by Octopus Cards Limited and remitted to the Remaining Group on the next business day, thus, the operation does not have any significant credit risk.

Since the income and expenditures of the Remaining Group are denominated in Hong Kong dollars, the Remaining Group does not anticipate any significant currency risk derived from the Remaining Group's operating activities.

As for financing activities, all borrowings for the financial year ended 31st March 2010 were denominated in Hong Kong dollars and on floating interest rate basis. The practice effectively eliminated the currency risk and the management is of the view that the Remaining Group is not subject to any significant interest rate risk.

Pledge of Assets

The pledged assets of the Remaining Group were as follows:

	As at 31st March 2010 HK\$'000	As at 31st March 2009 HK\$'000
Property, plant and equipment	4,789	5,126
PLB licences	52,000	45,520

Contingent Liabilities

The Remaining Group had no material contingent liabilities as at 31st March 2010 and 2009.

Employees and Remuneration Policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Remaining Group. Employee benefit expenses incurred for the year were HK\$113,903,000 (2009: HK\$112,723,000), representing 42.1% (2009: 41.0%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus might be granted to eligible employees with reference to the Remaining Group's performance and individual's contribution. Other benefits include share option scheme, retirement plan and training schemes.

The headcounts of the Remaining Group were as follows:

	As at 31st March 2010	As at 31st March 2009
Captains	928	922
Administrative staff	86	85
Technicians	40	41
Total	<u>1,054</u>	<u>1,048</u>

For the year ended 31st March 2011***Business Review***

The number of passengers carried in the local GMB sector grew by 2.9% during the year ended 31st March 2011. As a transportation necessity to the general public, the demand for franchise PLB services was stable over years, no matter it was economic upturn or downturn. The number of routes operated by the Remaining Group remained at 50 (2010: 50) as at 31st March 2011. The fleet size was enlarged to 309 GMBs (2010: 307 GMBs) as at 31st March 2011 in response to the natural growth in particular routes. The patronage of the franchised PLB operations slightly grew by 0.5% to 55.7 million (2010 restated^{Note}: 55.4 million) whilst the total traveled mileage increased to around 39.7 million kilometers (2010: 39.5 million kilometers). As a result, the turnover of the franchised PLB operations grew by 0.8% or HK\$2,471,000 to HK\$305,225,000 (2010: HK\$302,754,000). The growth in turnover was mainly attributable to the increase in number of passengers carried. The Remaining Group had not increased any minibus fares since late 2008. Although a number of fare increase applications had been made to the Transport Department in last year, none of them have been approved up to now and still being considered by the Transport Department.

The profit after income tax fell by HK\$9,954,000 or 25.2% to HK\$29,488,000 this year (2010: HK\$39,442,000), which was mainly attributable to the surge of fuel costs by HK\$7,738,000 or 15.6% to HK\$57,414,000 (2010: HK\$49,676,000) for the year. The average diesel unit price applicable to the Remaining Group was up by 13% and the average LPG unit price was even up by 25%. Apart from fuel costs, other inflating operating expenses like staff costs and repair and maintenance expenses also accounted for the reduced operating profit margin.

The average fleet age increased to 7.7 years as at 31st March 2011 (2010: 6.9 years). The replacement of aged minibuses has been suspended because the management is of the opinion that there is no fit model of minibuses on the market at the moment. The technical problems found in the Euro IV engine minibuses are still pending for solutions. The management kept awaiting new model or technical solutions from the manufacturers.

(Note: A new method of surveying the number of passengers has been adopted and the comparative figure has been adjusted accordingly.)

Financial Resources and Liquidity

The Remaining Group's operations were mainly financed by proceeds from operations.

The current ratio (current assets/current liabilities) surged to 7.31 (2010: 6.10) at year end due to the significant increase in current assets caused by the deposit paid of HK\$32,000,000 for the acquisition of Hong Kong Maxicab Limited (“HKM”), a company engages in the provision of scheduled PLB services in Hong Kong Island. The gearing ratio (total liabilities/shareholders’ equity) increased to 28.2% (2010: 17.5%), which was mainly attributable to the increased level of borrowings by HK\$31,883,000 or 127.4% to HK\$56,907,000 (2010: HK\$25,024,000) for the acquisition of HKM.

As at 31st March 2011, the Remaining Group had banking facilities totaling HK\$66,207,000 (2010: HK\$34,294,000) of which HK\$56,907,000 (2010: HK\$25,024,000) were utilized.

As at 31st March 2011, the total borrowings balance was HK\$56,907,000 (2010: HK\$25,024,000). The significant jump in balance of borrowings was owing to the bank borrowings drawn for the acquisition of HKM.

As at 31st March 2011, the Remaining Group had bank balances and cash amounting to HK\$20,699,000 (2010: HK\$29,723,000). About 83% (2010: 100%) of the cash and bank deposits were denominated in Hong Kong dollars, and the remaining were denominated in Renminbi.

Currency and Financial Risk Management

The income of the franchised PLB operation of the Remaining Group is either received in cash or collected by Octopus Cards Limited and remitted to the Remaining Group on the next business day, thus, the operation does not have any significant credit risk.

Since the income and expenditures of the Remaining Group are denominated in Hong Kong dollars, the Remaining Group does not anticipate any significant currency risk derived from the Remaining Group’s operating activities.

As for financing activities, all borrowings for the financial year ended 31st March 2011 were denominated in Hong Kong dollars and on floating interest rate basis. The practice effectively eliminated the currency risk and the management is of the view that the Remaining Group is not subject to any significant interest rate risk.

Pledge of Assets

The pledged assets of the Remaining Group were as follows:

	As at 31st March 2011 HK\$'000	As at 31st March 2010 HK\$'000
Property, plant and equipment	4,591	4,789
PLB licences	104,300	52,000

Contingent Liabilities

The Remaining Group had no material contingent liabilities as at 31st March 2011 and 2010.

Acquisition of Hong Kong Maxicab Limited

On 18th February 2011, the Group entered into a sale and purchase agreement with Mr. Ma Kiu Sang, Mr. Ma Kiu Mo and Mr. Ma Kiu Man, Vince to acquire 100% equity interest and the shareholders' loan in HKM at the consideration of HK\$32,000,000. The acquisition was completed on 1st April 2011. The principal business of HKM is the provision of franchised PLB service. HKM operates 4 GMB routes running between Central/Causeway Bay and the Southern District.

Employees and Remuneration Policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Remaining Group. Employee benefit expenses incurred for the year were HK\$118,204,000 (2010: HK\$113,903,000), representing 42.0% (2010: 42.1%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus might be granted to eligible employees with reference to the Remaining Group's performance and individual's contribution. Other benefits include share option scheme, retirement plan and training schemes.

The headcounts of the Remaining Group were as follows:

	As at 31st March 2011	As at 31st March 2010
Captains	920	928
Administrative staff	85	86
Technicians	<u>42</u>	<u>40</u>
 Total	 <u><u>1,047</u></u>	 <u><u>1,054</u></u>

**Grant Thornton**

京都天华

Member of Grant Thornton International Ltd

To the directors of AMS Public Transport Holdings Limited (“Company”)

Dear Sirs

**ACCOUNTANTS’ REPORT ON THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**

We report on the unaudited pro forma financial information of the Company and its subsidiaries (collectively referred to as the “Remaining Group”), which has been prepared by the directors of the Company, for illustrative purpose only, to provide information about how the proposed disposal of the Group’s entire equity interest in Elegant Sun Group Limited and its subsidiaries might have affected the financial information presented, for inclusion in Appendix III of the Company’s circular dated 13th July 2011 (“Circular”). The basis of preparation of the unaudited pro forma financial information is set out in the section headed “Unaudited pro forma financial information on the Remaining Group” in Appendix III to the Circular.

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

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

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

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

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

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

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Remaining Group as at 31st March 2011 or any future date; or
- the results and cash flows of the Remaining Group for the year ended 31st March 2011 or any future period.

OPINION

In our opinion:

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

Yours faithfully,

Grant Thornton Jingdu Tianhua

Certified Public Accountants

20th Floor

Sunning Plaza

10 Hysan Avenue

Causeway Bay

Hong Kong

13th July 2011

INTRODUCTION

The followings are the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated cash flow statement of the Remaining Group prepared by the Directors in accordance with rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal which may have on the consolidated income statement, the consolidated balance sheet and the consolidated cash flow statement of the Remaining Group.

The preparation of the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated cash flow statement of the Remaining Group is based on the audited consolidated income statement and audited consolidated cash flow statement of the Group for the year ended 31st March 2011 which has been extracted from the audited accounts of the Group for the year ended 31st March 2011 and adjusted only to reflect the pro forma adjustments described in the notes thereto as if the Disposal had been completed on 1st April 2010.

The preparation of the unaudited pro forma consolidated balance sheet of the Remaining Group is based on the audited consolidated balance sheet of the Group as at 31st March 2011 which has been extracted from the audited accounts of the Group for the year ended 31st March 2011 and adjusted only to reflect the pro forma adjustments described in the notes thereto as if the Disposal had been completed on 31st March 2011.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated cash flow statement of the Remaining Group have been prepared based on a number of assumptions, estimates and uncertainties and are provided for illustrative purpose only. Because of their hypothetical nature, the unaudited pro forma consolidated balance sheet may not purport to describe the actual financial position of the Remaining Group that would have been attained had the Disposal been completed on 31st March 2011. Further, the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated cash flow statement does not purport to predict the Remaining Group's future results of operations and cash flows for the year ended 31st March 2011 had the Disposal been completed on 1st April 2010.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**
UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE REMAINING GROUP
Unaudited Pro Forma Consolidated Income Statement

	Audited consolidated income statement of the Group for the year ended 31st March 2011 <i>HK\$'000</i>	Pro forma adjustments			Unaudited pro forma consolidated income statement of the Remaining Group for the year ended 31st March 2011 <i>HK\$'000</i>
		<i>HK\$'000</i> (Note 1)	<i>HK\$'000</i> (Note 2)	<i>HK\$'000</i> (Note 5)	
Turnover	455,157		(149,932)		305,225
Direct costs	(355,554)		110,556		(244,998)
Gross profit	99,603				60,227
Other revenue	7,943		(2,331)		5,612
Other net income	379	2,190	(43)		2,526
Administrative expenses	(63,669)		34,674		(28,995)
Other operating expenses	(1,776)		716		(1,060)
Operating profit	42,480				38,310
Finance costs	(2,870)		2,252		(618)
Gain on disposal of a subsidiary	–			133,745	133,745
Share of results of a jointly controlled entity	1		(1)		–
Profit before income tax	39,611				171,437
Income tax expense	(7,269)		1,255		(6,014)
Profit for the year	<u>32,342</u>				<u>165,423</u>
Profit for the year attributable to:					
Equity holders of the Company	31,836	2,190	(2,348)	133,745	165,423
Non-controlling interests	506		(506)		–
	<u>32,342</u>				<u>165,423</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	Audited consolidated balance sheet of the Group as at 31st March 2011 HK\$'000	Pro forma adjustments			Unaudited pro forma consolidated balance sheet of the Remaining Group as at 31st March 2011 HK\$'000
	HK\$'000	HK\$'000 (Note 1)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	84,254		(68,601)		15,653
PLB licences	163,900				163,900
Public bus licences	5,196		(5,196)		–
Goodwill	167,592		(158,474)		9,118
Interest in a jointly controlled entity	136		(136)		–
Deferred tax assets	84		(58)		26
	421,162				188,697
Current assets					
Trade and other receivables	57,091		(19,268)		37,823
Amount due from a jointly controlled entity	1,065		(1,065)		–
Tax recoverable	1,704		(770)		934
Bank balances and cash	29,591		(8,892)	1,835	262,900
	89,451				324,191
Current liabilities					
Borrowings	85,342		(82,280)		3,062
Trade and other payables	32,241		(15,074)		17,167
Amount due to group companies	–		(91,723)	1,835	89,888
Deferred income	5,368		(5,368)		–
Other financial liability	2,190	(2,190)			–
Tax payable	1,151		(686)		465
	126,292				20,694

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**

	Audited consolidated balance sheet of the Group as at 31st March 2011 <i>HK\$'000</i>	Pro forma adjustments			Unaudited pro forma consolidated balance sheet of the Remaining Group as at 31st March 2011 <i>HK\$'000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i> <i>(Note 4)</i>	<i>HK\$'000</i> <i>(Note 5)</i>
Net current (liabilities)/assets	(36,841)				303,497
Total assets less current liabilities	384,321				492,194
Non-current liabilities					
Borrowings	53,845				53,845
Deferred tax liabilities	7,058		(6,928)		130
	<u>60,903</u>				<u>53,975</u>
Net assets	<u>323,418</u>				<u>438,219</u>
EQUITY					
Share capital	22,750				22,750
Reserves	280,253	2,190	(39,986)		173,012
	<u>303,003</u>				<u>415,469</u>
Equity attributable to equity holders of the Company	303,003				438,219
Non-controlling interests	20,415		(20,415)		–
	<u>323,418</u>				<u>438,219</u>
Total equity	<u>323,418</u>				<u>438,219</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**
UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	Audited consolidated cash flow statement of the Group for the year ended 31st March 2011 <i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments			<i>HK\$'000</i> <i>(Note 5)</i>	Unaudited pro forma consolidated cash flow statement of the Remaining Group for the year ended 31st March 2011 <i>HK\$'000</i>
			<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i> <i>(Note 4)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES							
Operating profit	42,480	2,190	(6,360)				38,310
Adjustment for:							
Depreciation of property, plant and equipment	13,656		(12,064)				1,592
Reversal of deficit on revaluation of a PLB licence	(80)						(80)
Provision for impairment of trade receivables	11		(7)				4
Share-based compensation	39						39
Interest income	(31)		18				(13)
Gain on reversal of a financial liability	–	(2,190)					(2,190)
Net gain on disposal of property, plant and equipment	(13)		13				–
Operating profit before changes in working capital	56,062						37,662
Changes in working capital:							
Trade and other receivables	(3,437)		1,946				(1,491)
Amount due from a jointly controlled entity	68		(68)				–
Trade and other payables	2,653		109				2,762
Amount due to group companies	–		(12,673)	1,835			(10,838)
Deferred income	1,327		(1,327)				–
Cash generated from operations	56,673						28,095
Income tax paid	(8,950)		168				(8,782)
Net cash from operating activities	47,723						19,313

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**

	Audited consolidated cash flow statement of the Group for the year ended 31st March 2011 HK\$'000	Pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Remaining Group for the year ended 31st March 2011 HK\$'000
		HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 4)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(16,555)		15,800		(755)
Purchase of public bus licences	(4,150)		4,150		–
Proceeds from disposal of property, plant and equipment	242		(242)		–
Interest received	31		(18)		13
Proceeds from disposal of a subsidiary, net of transaction costs	–			299,300	299,300
Full repayment of a bank loan of a subsidiary upon disposal	–			(36,400)	(36,400)
Payment for deposit of acquisition of a subsidiary	(32,000)				(32,000)
Net cash (used in)/from investing activities	(52,432)				230,158
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from new borrowings	55,371		(21,771)		33,600
Repayment of borrowings	(31,587)		29,901		(1,686)
Interest paid	(2,870)		2,252		(618)
Dividends paid to equity holders of the Company	(25,025)				(25,025)
Net cash (used in)/from financing activities	(4,111)				6,271
Net (decrease)/increase in cash and cash equivalents	(8,820)				255,742
Cash and cash equivalents at the beginning of the year	38,221		(8,529)		29,692
Effect of foreign exchange rate changes, on cash held	190		(190)		–
Cash and cash equivalents at the end of the year	<u>29,591</u>				<u>285,434</u>
Analysis of cash and cash equivalents					
Bank balances and cash	<u>29,591</u>				<u>285,434</u>

Notes to the unaudited pro forma financial information:

1. The adjustment represents the gain on reversal of a financial liability amounting to HK\$2,190,000 in the books of Elegant Sun as a result of Mr. Chan's waiver of his right in exercising an option on 27th April 2011. This adjustment is not expected to have a continuing effect on the Remaining Group;
2. The adjustment represents the exclusion of the results and cashflows of the Disposal Group for the year ended 31st March 2011, assuming the Disposal had been completed on 1st April 2010. This adjustment is not expected to have a continuing effect on the Remaining Group;
3. The adjustment represents the exclusion of the assets and liabilities of the Disposal Group for the year ended 31st March 2011, assuming the Disposal and the reversal of a financial liability as stated in Note 1 had been completed on 31st March 2011;
4. The adjustment represents the repayment of amounts due to the Company amounting to HK\$1,835,000 by the Chinalink Group as at 31st March 2011. This adjustment is not expected to have a continuing effect on the Remaining Group; and
5. The adjustment reflects the estimated gain on the Disposal of approximately HK\$133,745,000 which is calculated based on: (i) cash consideration of approximately HK\$299,300,000 (net of transaction costs of the Disposal); (ii) the consolidated net asset value of the Disposal Group as at 31st March 2011 of HK\$39,986,000 assuming the reversal of a financial liability as stated in Note 1 had been completed on 1st April 2010; (iii) the Company's waiver of the balance of the shareholder's loan due and owing to the Company by Elegant Sun amounting to HK\$89,888,000 as at 31st March 2011; (iv) the settlement of a bank loan due by Elegant Sun amounting to approximately HK\$36,400,000 as at 31st March 2011; (v) reclassification adjustment of cumulative exchange gain on translation of financial statements of foreign operations of the Disposal Group of HK\$719,000 as at 31st March 2011. This adjustment is not expected to have a continuing effect on the Remaining Group.

The gain on the Disposal is to be determined based on the carrying amounts of the assets and liabilities of the Disposal Group as at the Completion Date and the adjustment to the consideration (if any) and is therefore subject to change upon completion of the Disposal, which may be materially different from the estimated amount shown in the unaudited pro forma consolidated income statement.

RESPONSIBILITY STATEMENT

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

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

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

	Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held (Note d)	Approximate percentage of shareholding
(1)	The Company					
	Mr. Wong Man Kit (Note a)	Long position	Founder of a discretionary trust	Other	146,070,000	64.21%
		Long position	Beneficial owner	Personal	2,275,000	1.00%
		Long position	Spouse of Ms. Ng Sui Chun	Family	10,023,000	4.41%
	Ms. Ng Sui Chun (Notes a & b)	Long position	Beneficiary of a discretionary trust	Other	146,070,000	64.21%
		Long position	Beneficial owner	Personal	10,023,000	4.41%
		Long position	Spouse of Mr. Wong Man Kit	Family	2,275,000	1.00%

APPENDIX IV
GENERAL INFORMATION

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held <i>(Note d)</i>	Approximate percentage of shareholding
Mr. Wong Ling Sun, Vincent <i>(Note a)</i>	Long position	Beneficiary of a discretionary trust	Other	146,070,000	64.21%
	Long position	Beneficial owner	Personal	2,275,000	1.00%
	Long position	Spouse of Ms. Loo Natasha Christie	Family	320,000	0.14%
Mr. Chan Man Chun	Long position	Beneficial owner	Personal	3,595,000	1.58%
	Long position	Spouse of Ms. Chan Lai Ling	Family	200,000	0.09%
Dr. Lee Peng Fei, Allen	Long position	Beneficial owner	Personal	300,000	0.13%
Dr. Chan Yuen Tak Fai, Dorothy	Long position	Beneficial owner	Personal	300,000	0.13%
Mr. Kwong Ki Chi	Long position	Beneficial owner	Personal	300,000	0.13%
(2) Skyblue Group Limited					
Mr. Wong Man Kit <i>(Note a)</i>	Long position	Founder of a discretionary trust	Other	2	100%
Ms. Ng Sui Chun <i>(Notes a & b)</i>	Long position	Beneficiary of a discretionary trust	Other	2	100%
Mr. Wong Ling Sun, Vincent <i>(Note a)</i>	Long position	Beneficiary of a discretionary trust	Other	2	100%
(3) Metro Success Investments Limited					
Mr. Wong Man Kit <i>(Note a)</i>	Long position	Founder of a discretionary trust	Other	100	100%
Ms. Ng Sui Chun <i>(Notes a & b)</i>	Long position	Beneficiary of a discretionary trust	Other	100	100%
Mr. Wong Ling Sun, Vincent <i>(Note a)</i>	Long position	Beneficiary of a discretionary trust	Other	100	100%

APPENDIX IV
GENERAL INFORMATION

	Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ordinary shares held (Note d)	Approximate percentage of shareholding
(4)	All Wealth Limited					
	Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	1	100%
	Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	1	100%
	Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	1	100%
(5)	A.I. International Holdings Limited					
	Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	6	100%
	Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	6	100%
	Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	6	100%
(6)	Maxson Transportation Limited					
	Mr. Wong Man Kit (Note c)	Long position	Founder of a discretionary trust	Other	180,000	60%
		Long position	Spouse of Ms. Ng Sui Chun	Family	30,000	10%
	Ms. Ng Sui Chun (Notes b & c)	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
		Long position	Beneficial owner	Personal	30,000	10%
	Mr. Wong Ling Sun, Vincent (Note c)	Long position	Beneficiary of a discretionary trust	Other	180,000	60%
		Long position	Beneficial owner	Personal	45,000	15%

APPENDIX IV

GENERAL INFORMATION

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

Notes:

- (a) As at the Latest Practicable Date, a total of 146,070,000 Shares were held by Skyblue Group Limited (“**Skyblue**”), which is a wholly owned subsidiary of Metro Success Investments Limited (“**Metro Success**”). Metro Success is a wholly owned subsidiary of JETSUN UT Company (PTC) Limited (“**JETSUN**”), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited (“**HSBCITL**”) as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Man Kit is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Mr. Wong Ling Sun, Vincent and Ms. Ng Sui Chun.
- (b) Ms. Ng Sui Chun is one of the discretionary objects of the discretionary trust as mentioned in note (a) above and she personally held a long position of 10,023,000 Shares as at the Latest Practicable Date.
- (c) All Wealth Limited, A.I. International Holdings Limited, Maxson Transportation Limited and Hong Kong & China Transportation Consultants Limited (collectively the “**Associated Corporations**”) are associated corporations of the Company within the meaning of Part XV of the SFO by virtue of Metro Success’s interests in the entire issued share capital of each of the Associated Corporations. Mr. Wong Man Kit, being the settlor of The JetSun Trust, and Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, being the discretionary objects of The JetSun Trust, are deemed to be interested in all the Associated Corporations.
- (d) The figures include interests in share options held by each of the Directors.

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

Directors' interest in service contracts

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

Directors' interests in competing businesses

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

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

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

Directors' interests in assets and/or arrangement

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

- (a) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent (together with their family members), all being executive Directors, were indirectly interested in a minibus leasing agreement entered into between a wholly owned subsidiary of the Company, as lessee and Maxson Transportation Limited, Hong Kong & China Transportation Consultants Limited and Glory Success Transportation Limited as lessors, at daily rental rates of HK\$740 per minibus aged within 2 years, HK\$630 per minibus aged over 2 years but within 5 years, HK\$480 per minibus aged over 5 years but within 7 years and HK\$460 per minibus aged over 7 years. The lessors are beneficially owned and controlled by the major shareholders, the Wong Family. The total minibus hire charges incurred under the minibus leasing agreement were HK\$13,047,000 during the period from 1st April 2011 to the Latest Practicable Date;
- (b) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being executive Directors, were indirectly interested in a minibus service agreement entered into between a wholly owned subsidiary of the Company as service provider and companies beneficially owned and controlled by the major shareholders, the Wong Family, as service users, at a consideration of HK\$700 per minibus per day. The total agency fee income received under the minibus service agreement was HK\$607,000 during the period from 1st April 2011 to the Latest Practicable Date;
- (c) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being executive Directors, were indirectly interested in motor vehicle repair and maintenance service contracts entered into between a wholly owned subsidiary of the Company as service provider, and five respective companies beneficially owned and controlled by the major shareholders, the Wong Family, or its member(s), as service users. The tariff of the repair and maintenance service is quoted on a case-by-case basis and depends on the level of complexity of the repair and maintenance work. The total repair and maintenance service income received under these contracts was HK\$600 during the period from 1st April 2011 to the Latest Practicable Date;

- (d) Mr. Wong Man Kit, Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, all being executive Directors, were indirectly interested in 3 management service agreements entered into between a wholly owned subsidiary of the Company and three companies respectively, which are beneficially owned and controlled by the major shareholders, the Wong Family, or its member(s), at a consideration of approximately HK\$45,000 per month. The total management fee income received from these management contracts was HK\$146,000 during the period from 1st April 2011 to the Latest Practicable Date; and
- (e) Mr. Wong Man Kit and Ms. Ng Sui Chun, both being Executive Directors, were indirectly interested in web-based sale system agreements at the consideration of HK\$518,000 and system and server maintenance agreements entered into between subsidiaries of the Company and a company which is beneficially owned and controlled by Mr. Wong Man Kit and Ms. Ng Sui Chun at a total monthly service fee of HK\$24,000. During the period from 1st April 2011 to the Latest Practicable Date, the total maintenance service fee incurred under the system and server maintenance agreements was HK\$75,000 and no payment was made for the web-based sale system agreements.

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

Substantial Shareholder's interests

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

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

Name of Shareholders		Number of Shares/ underlying Shares held	Percentage
HSBCITL	<i>(Note a)</i>	146,070,000	64.21%
JETSUN	<i>(Note a)</i>	146,070,000	64.21%
Metro Success	<i>(Note a)</i>	146,070,000	64.21%
Skyblue	<i>(Note a)</i>	146,070,000	64.21%
HSBC Trustee (Cook Islands) Limited (“HTCIL”)	<i>(Note b)</i>	13,500,000	5.93%
The Seven International Holdings Limited (“SIHL”)	<i>(Note b)</i>	13,500,000	5.93%
The Seven Capital Limited (“SCL”)	<i>(Note b)</i>	13,500,000	5.93%

Notes:

- (a) As at the Latest Practicable Date, a total of 146,070,000 Shares were held by Skyblue, a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBCITL as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL.
- (b) As at the Latest Practicable Date, a total of 13,500,000 Shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of HTCIL.

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

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

EXPERT AND CONSENT

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

Name	Qualification
Grant Thornton Jingdu Tianhua	Certified Public Accountants

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

As at the Latest Practicable Date, Grant Thornton Jingdu Tianhua did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

LITIGATION

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

MATERIAL CONTRACTS

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

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

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st March 2011 (being the date to which the latest audited accounts of the Company were made up).

MISCELLANEOUS

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

DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for the year ended 31st March 2010 and the interim report of the Company for the six months period ended 30th September 2010;
- (c) the Agreement;
- (d) the Maxicab Agreement;
- (e) the waiver executed by Mr. Chan dated 27th April 2011;

- (f) the financial information of Elegant Sun, the text of which is set out in Appendix I to this circular;
- (g) the financial information of the Group, the text of which is set out in Appendix II to this circular;
- (h) the unaudited pro forma financial information on the Remaining Group, the text of which is set out in Appendix III to this circular;
- (i) the letter of consent from Grant Thornton Jingdu Tianhua; and
- (j) this circular.

NOTICE OF EGM



AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of AMS Public Transport Holdings Limited (“**Company**”) will be held at Rooms 1301-1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on Thursday, 28th July 2011 at 11:00 a.m. (“**EGM**”) for the purpose of considering and, if though fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) the sale and purchase agreement dated 27th April 2011 (“**Agreement**”) entered into between the Company as vendor and Trans-Island Limousine Service Limited (環島旅運有限公司) as purchaser (a copy of which has been produced to the EGM marked “A” and initialed by the chairman of the EGM for the purpose of identification) in relation to, amongst other things, the sale and purchase of 100% of the issued share capital of Elegant Sun Group Limited (旭雅集團有限公司) at the consideration of HK\$300,000,000 (subject to adjustment), the terms thereof and the transactions contemplated thereunder (including without limitation the Disposal (as defined in the Company’s circular dated 13th July 2011)) and the execution of the Agreement be and are hereby approved, confirmed and ratified;
- (b) the board of directors of the Company (“**Board**”) be and is hereby authorized to do all such acts and things and execute all such documents or deeds and to take all such steps as it considers necessary, desirable or expedient in connection with or to give effect to the Agreement and to implement the transactions contemplated thereunder (including without limitation the Disposal) and to agree to such variations amendments or waivers of matters relating thereto as are, in the opinion of the Board, in the interest of the Company.”

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

Hong Kong, 13th July 2011

NOTICE OF EGM

Registered Office:

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

Head Office and Principal Place of

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

Notes:

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies (if a member who is the holder of 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, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude a member from attending and voting at the EGM if the member so desires.
- (3) 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 and Mr. Chan Man Chun (Chief Executive Officer); and the independent non-executive directors of the Company are Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.