

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

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

A notice convening the AGM of the Company to be held at Rooms 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 28 August 2020, Friday at 3:00 p.m. is set out on pages AGM-1 to AGM-5 of this circular.

A form of proxy for the AGM is also enclosed. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE AGM

The Company will implement the following measures at the AGM to prevent and control the spread of the COVID-19 and to safeguard the health and safety of the attending Shareholders, staff members of the Company and other participants:

1. Compulsory body temperature checks;
2. Recommended wearing of surgical face mask; and
3. No refreshments or drinks will be served.

Depending on the COVID-19 situation in Hong Kong, the Company reserves the right to change the AGM arrangements or take further measures as appropriate in order to minimise any risk to the Shareholders and other participants attending the AGM. The Company also encourages the Shareholders to consider appointing the chairman of the AGM as his/her proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

17 July 2020

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Rooms 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 28 August 2020, Friday at 3:00 p.m.
“AGM Notice”	the notice convening the AGM as set out on pages AGM-1 to AGM-5 of this circular
“All Wealth”	All Wealth Limited, a company incorporated in the BVI and wholly-owned by Metro Success
“Articles of Association”	the articles of association of the Company
“associates”	shall have the meaning as prescribed under the Listing Rules
“Benchmark Table”	the benchmark table adopted under the New Minibus Leasing Agreement forming the basis for calculation of rentals for the PLBs payable thereunder
“Big Three”	Big Three Limited (大叁有限公司), a company incorporated in Hong Kong and owned as to 50% by the estate of Mr. Wong [<i>NB: Mr. Vincent Wong acting as the sole executor of Mr. Wong’s will</i>] and 50% by Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. Maya Wong
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“Company”	AMS Public Transport Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 77)
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive Director(s) of the Company
“Green Minibus(es)”	minibus(es) licensed to carry a maximum number of 19 passengers that provide scheduled services with fix routes, fares, vehicle allocation, frequency and service hours stipulated by the Transport Department of Hong Kong
“Group”	the Company and its subsidiaries as a whole
“HKCT”	Hong Kong & China Transportation Consultants Limited (中港運輸顧問有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountant
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the Independent Non-Executive Directors, Dr. Chan Yuen Tak Fai, Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong
“Independent Financial Adviser”	VMS Securities Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the New Minibus Leasing Agreement and the New Annual Caps and is a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities for the purpose of the SFO
“Independent Non-Executive Director(s)”	the independent non-executive Director(s) of the Company
“Independent Shareholders”	Shareholders not required to abstain from voting on the relevant resolution pursuant to the Listing Rules

DEFINITIONS

“JETSUN”	JETSUN UT Company (PTC) Limited, a company incorporated in the BVI and the trustee of the JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining unit is owned by Mr. Vincent Wong
“Latest Practicable Date”	14 July 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Lessee”	Gurnard Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maxson”	Maxson Transportation Limited (萬誠運輸有限公司), a company incorporated in Hong Kong and owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong
“Memorandum”	the memorandum of association of the Company
“Metro Success”	Metro Success Investments Limited, a company incorporated in the BVI and wholly-owned by JETSUN
“Monthly Administration Fee”	the monthly administration fee payable by the Owners to the Lessee under the New Minibus Leasing Agreement for administration services provided by the Lessee in arranging on behalf of the Owners for mainly the following services: taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licenses in respect of the PLBs
“Mr. Chace Wong”	Mr. Wong Tin Yan, Chace, a minor, the son of Mr. Vincent Wong
“Mr. Vincent Wong”	Mr. Wong Ling Sun, Vincent, an Executive Director and the Chairman and the son of Mr. Wong and Ms. Ng

DEFINITIONS

“Mr. Wong”	Mr. Wong Man Kit (deceased) a former Executive Director and the honorary chairman of the Board and the spouse of Ms. Ng
“Ms. Cecilia Wong”	Ms. Wong Wai Sze, Cecilia, the daughter of Mr. Wong and Ms. Ng
“Ms. Maya Wong”	Ms. Wong Wai Sum, Maya (formerly known as Ms. Wong Wai Sum, May), an Executive Director and the daughter of Mr. Wong and Ms. Ng
“Ms. Ng”	Ms. Ng Sui Chun, an Executive Director and the spouse of Mr. Wong
“Ms. Vivian Wong”	Ms. Wong Wai Man, Vivian, the Non-Executive Director and the daughter of Mr. Wong and Ms. Ng
“New Annual Caps”	collectively the annual caps on the right-of-use assets and the annual caps on the Monthly Administration Fee as more particularly stated in the section headed “New Annual Caps” of the letter from the Board in this circular
“New Minibus Leasing Agreement”	the leasing agreement dated 26 June 2020 and entered into between the Owners and the Lessee, details of which are stated in the section headed “Details of the Continuing Connected Transactions” of the letter from the Board in this circular
“Non-Executive Director”	the non-executive Director of the Company
“Original Minibus Leasing Agreement”	the leasing agreement dated 29 June 2017 and entered into between the Owners and the Lessee (as varied, amended and supplemented by the two supplemental agreements dated 9 April 2018 and 8 January 2019) in relation to, among other things, the leasing of the PLBs to the Lessee for a term from 1 October 2017 to 30 September 2020
“Owners”	Maxson, HKCT and Big Three
“PLB(s)”	public light bus(es) being minibus(es) licensed to carry a maximum of 19 passengers in Hong Kong that are owned by the Owners and leased, together with their licences, to the Lessee under the New Minibus Leasing Agreement

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the meaning as prescribed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“The JetSun Trust”	The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong, Ms. Vivian Wong and the grandchildren of Mr. Wong (all being minor)
“Trustee”	HSBC International Trustee Limited
“Vigers”	Vigers Appraisal & Consulting Limited, registered professional surveyors and business valuers
“Wong Family”	Mr. Wong, Ms. Ng and their son, Mr. Vincent Wong, and their daughters Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong and Mr. Vincent Wong’s son, Mr. Chace Wong; for the purpose of this circular, a reference to the Wong Family at a point after the death of Mr. Wong shall exclude Mr. Wong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

Executive Directors:

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

Registered Office:

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

Non-Executive Director:

Ms. Wong Wai Man, Vivian

Principal Place of Business

in Hong Kong:

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

Independent Non-Executive Directors:

Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi
Mr. James Mathew Fong

17 July 2020

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

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

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

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

The Nomination Committee has recommended to the Board that the above-mentioned Directors are eligible for re-appointment. The nomination of Mr. Kwong Ki Chi and Mr. James Mathew Fong for re-appointment as Independent Non-Executive Director at the forthcoming Annual General Meeting has been considered by the Nomination Committee in accordance with the nomination procedures and policy of the Company and the objective selection criteria (including skills, knowledge and experience of Mr. Kwong and Mr. Fong and their good reputation in character, integrity, honesty and experience etc.) as well as taking into account the diversity aspects (including the gender, age and educational background, ethnicity etc.), with due regard for the benefits of diversity, as set out under the board diversity policy of the Company.

Mr. Kwong has served the Board for more than nine years. In light of the valuable independent judgment and impartial advice that he has given to the Company over the past years in his capacity as an Independent Non-Executive Director, the Board is satisfied that Mr. Kwong has the character, integrity, independence, professionalism and calibre to continue to serve as an Independent Non-Executive Director. In addition to his capacity as an Independent Non-Executive Director, Mr. Kwong has also made significant contributions in serving the Company as the chairperson of its audit committee and a member of its nomination committee and remuneration committee, in which roles he has provided professional advice and valuable business judgment.

Furthermore, Mr. Kwong has confirmed to the Company that he had met the independence guideline as set out in Rule of the Listing Rules and has submitted such written confirmation concerning his independence to the Stock Exchange. Therefore, the Board considers him to be independent and believes he should be re-elected in view of his extensive experience and valuable contribution to the Board. The Board is not aware of any evidence or circumstances showing that the length of Mr. Kwong's tenure of service has any adverse effect on his independence. The Board is also of a view that the re-appointment of Mr. Kwong as an Independent Non-Executive Director is beneficial to the Board with diversity of his comprehensive knowledge and experience in public administration, financial and corporate governance management that contributes to invaluable expertise to the Board and the Company has benefited greatly from his contribution and valuable insights derived from his in-depth knowledge of the Group, the economy and financial market of Hong Kong.

The re-election of Mr. Kwong, same as the re-election of the other retiring Directors, is subject to Shareholders' approval by a separate resolution.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 29 August 2019, ordinary resolutions were passed to grant general mandates authorising the Directors (i) to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at that date (i.e. not exceeding 54,382,600 Shares) (“Existing Issue Mandate”); and (ii) to repurchase Shares not exceeding 10% of the issued share capital, or the relevant class of Shares, of the Company at that date (i.e. not exceeding 27,191,300 Shares) (“Existing Repurchase Mandate”).

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

The proposed new Issue Mandate and Repurchase Mandate may only continue in force during the period from the passing of the resolutions until the earlier of: (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

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

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

CONTINUING CONNECTED TRANSACTIONS – MINIBUS LEASING AGREEMENT

It was announced by the Company on 26 June 2020 that the Owners and the Lessee had entered into the New Minibus Leasing Agreement on 26 June 2020.

References are made to the announcements of the Company dated 29 June 2017, 9 April 2018 and 8 January 2019 and the circular of the Company dated 19 July 2017 in respect of, among others, the Original Minibus Leasing Agreement.

LETTER FROM THE BOARD

The Group has been deploying the PLBs leased from the Owners. As the Original Minibus Leasing Agreement will soon expire on 30 September 2020, the Owners and the Lessee entered into the New Minibus Leasing Agreement on 26 June 2020 substantially based on the terms and conditions of the Original Minibus Leasing Agreement with a view to renewing the leasing arrangements for another term of 3 years running from 1 October 2020 to 30 September 2023.

In accordance with HKFRS 16, the PLBs leased under the New Minibus Leasing Agreement will be recognised as right-of-use assets, and as a result, the transactions under the New Minibus Leasing Agreement will be recognised as the acquisition of right-of-use assets which will constitute non-exempt continuing connected transactions of the Group pursuant to the Listing Rules. Accordingly, the transactions under the New Minibus Leasing Agreement and the New Annual Caps are subject to reporting, announcement, the approval of the Independent Shareholders at the AGM and annual review, and VMS Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

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

Date: 26 June 2020

Parties: (i) Maxson
(ii) HKCT
(iii) Big Three (collectively as Owners)
(iv) the Lessee

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

Term: From 1 October 2020 to 30 September 2023, both days inclusive

LETTER FROM THE BOARD

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

Class	Age	Daily rental payable under the Original Minibus Leasing Agreement <i>(Notes 1 & 2)</i>
1	2 years or below	HK\$750
2	Over 2 years	HK\$610

Notes:

- 1: The daily rental includes vehicle licence fees and insurance premium.
- 2: As the new law for increasing the maximum passenger seating capacity of minibuses from 16 to 19 only came into effect on 7 July 2017, which was after the entering into of the Original Minibus Leasing Agreement, the benchmark table determining rentals payable under the Original Minibus Leasing Agreement only made reference to 16-seater PLBs but not 19-seater PLBs. According to the supplemental agreements to the Original Minibus Leasing Agreement dated 9 April 2018 and 8 January 2019, the daily rentals for 16-seater PLBs, which were determined by reference to the vehicle age, were made equally applicable to the 19-seater PLBs until the end of the term of the Original Minibus Leasing Agreement.

Class	Age	Daily rental payable under the New Minibus Leasing Agreement <i>(Notes 3 & 4)</i>	<i>Notes</i>
1	2 years or below (19-seater PLBs)	HK\$750	
2	Over 2 years (16-seater PLBs)	HK\$480	The age of 16-seater PLBs under this category is expected to range from 5 to 18 years. The estimated average age of 16-seater PLBs would be around 12 years.
3	Over 2 years but within 8 years (19-seater PLBs)	HK\$680	The maximum age reached among the 19-seater PLBs would be 8 years by the end of the term of the New Minibus Leasing Agreement. The estimated average age of 19-seater PLBs under this category over the term of the New Minibus Leasing Agreement would be around 4 years.

Notes:

3. The daily rental includes vehicle licence fees and insurance premium.
4. Due to the change of the Hong Kong laws resulting in an increase in the permitted number of passengers in minibuses, it is agreed between the Lessee and the Owners that different daily rental rates shall be applied to 16-seater PLBs and 19-seater PLBs since the New Minibus Leasing Agreement.

LETTER FROM THE BOARD

Benchmark Table: The rentals in respect of each PLB will be reduced during the lease period by reference to the age of each PLB in accordance with the Benchmark Table. Subject to any annual review of the daily rentals payable by the Lessee under the Benchmark Table which may be required by the Independent Non-Executive Directors, the Benchmark Table will be applied throughout the term of the New Minibus Leasing Agreement and will be reviewed upon the renewal of the New Minibus Lease Agreement.

Upon request of the Independent Non-Executive Directors for an annual review of the daily rentals payable by the Lessee under the Benchmark Table, the Lessee and the Owners shall jointly appoint an independent valuer to assess the prevailing market rentals of the PLBs. The Benchmark Table should then be adjusted in accordance with the then prevailing market rentals as so assessed by the independent valuer, whose decision shall be final and conclusive and binding on the parties to the New Minibus Leasing Agreement.

Notes:

1. Vigers is qualified as registered professional surveyors and business valuers.
2. In determining whether to request an annual review of the daily rentals payable by the Lessee under the Benchmark Table, the Independent Non-Executive Directors will consider factors including whether there is any material change in market conditions or Green Minibus-related laws and regulations.

Number of PLBs: 286 PLBs

The parties may by written agreement vary the number of PLBs to be leased, add or remove any PLB or replace any PLB with another PLB provided that the rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table and provided always that the Owners shall be obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 315 (representing the original number of PLBs subject to the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee.

Notes:

1. As at the Latest Practicable Date, there were 286 PLBs leased by the Owners to the Lessee under the Original Minibus Leasing Agreement.
2. There is no specific requirement on the number of PLBs to be leased for each of the classes in the Benchmark Table under the New Minibus Leasing Agreement.

LETTER FROM THE BOARD

- Right of first refusal: Under the New Minibus Leasing Agreement, the Lessee has the right of first refusal if any of the Owners proposes to sell or otherwise dispose of any of the PLBs during the term of the New Minibus Leasing Agreement. If the Lessee opts not to purchase the PLBs or it has failed to give such Owner a reply notice indicating whether it would purchase the PLBs, the Owner may sell the PLBs to the third party purchaser. Each of the Owners has undertaken that, in such case, it will only sell or dispose of the PLBs to the third party purchaser on terms and at the price no more favourable to the purchaser than the terms and the price as previously offered to the Lessee and on condition that (unless such condition is waived by the Lessee) the sale shall be subject to the existing lease, or the purchaser shall enter into a new lease with the Lessee on terms which are no less favourable to the Lessee as compared to the existing lease.
- Insurance and vehicle licence: The Lessee has agreed to arrange on behalf of the Owners for the following administration services including mainly taking out and maintaining relevant insurance policies covering at least third party risks, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased under the New Minibus Leasing Agreement, subject to reimbursement of the fees and expenses by the Owners. In consideration of such administration services, amongst others, the Owners shall pay to the Lessee a Monthly Administration Fee of HK\$700 per PLB, which is calculated based on the relevant labour and other office expenses involved at a premium at a rate of approximately 15% given in favour of the Lessee. The parties adhere to the same rate under the Original Minibus Leasing Agreement. Such fee shall be deducted from the rentals for the PLBs.
- The Lessee shall indemnify the Owners against any loss and damage in excess of the insurance coverage arising from loss or damage to the PLBs or accidents involving the PLBs (other than accidents resulting from the act, neglect or default of the Owners or their employees, agents or contractors) during the lease period, provided that the Owners shall first make a claim under the insurance policy.
- Maintenance: The Lessee shall be responsible for the cost of service and maintenance in accordance with the cost of any necessary repairs and for all fuels and lubricants for the proper running of the PLBs.

LETTER FROM THE BOARD

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

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

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

The Company has appointed Vigers to appraise the average rentals prevailing in the market for the PLBs.

Under the New Minibus Leasing Agreement, the rentals of the 16-seater PLBs with the age of more than 2 years have decreased as compared to the Original Minibus Leasing Agreement. The valuation report of Vigers shows that the prevailing market daily rental for 16-seater PLBs with the age of more than 2 years is HK\$487, which is slightly higher than the daily rental for the same category set under the Benchmark Table adopted for the New Minibus Leasing Agreement (being HK\$480). The valuation report of Vigers shows that the prevailing market daily rental for 19-seater PLBs with the age of 2 years or less is HK\$752, which is slightly higher than the daily rental for the same category set under the Benchmark Table adopted for the New Minibus Leasing Agreement (being HK\$750).

Only limited market rental information is currently available regarding the 19-seater PLBs within the projected age range under the category of over 2 years but within 8 years, taking into account the 3-year term of the New Minibus Leasing Agreement, therefore no relevant reference is made in the valuation report of Vigers. After negotiation in good faith and as agreed between the Owners and the Lessee on an arm's length basis, the daily rental for 19-seater PLBs with the age of more than 2 years but within 8 years set under the Benchmark Table adopted for the New Minibus Leasing Agreement shall be HK\$680, which is calculated with reference to (i) the average age of the 19-seater PLBs under such category (being 4 years over the term of the New Minibus Leasing Agreement); and (ii) the respective prevailing market daily rental for 19-seater PLBs and 16-seater PLBs as reflected in Vigers' valuation report, which shall correspond to the average age of PLBs in the market as per the statistics from the Transport Department of Hong

LETTER FROM THE BOARD

Kong (being average age of 1 year for 19-seater and average age of 14 years for 16-seater), i.e. HK\$750 for PLBs with the average age of 1 year and HK\$480 for PLBs with the average age of 14 years, taking that the daily rental shall be amortised over years in an even manner and with a round-down. For clear illustration purpose, the market daily rental derived from such amortisation exercise shall be HK\$688 for PLBs with the average age of 4 years, and the Owners and the Lessee have agreed to adopt a rounded-down figure of HK\$680 as the daily rental for 19-seater PLBs with the age of more than 2 years but within 8 years.

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

note: “Market value” is defined as “the estimated amount for which an asset of liability should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

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

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

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

- there exists a market, though not necessarily a well-structured market, on the leasing of minibuses (“Minibus Leasing Market”) that provides observable market rental;

LETTER FROM THE BOARD

- the market transaction provides direct indication on the dollar amount of rental payment without the use of guesstimated market return or licence value to determine the required rental income; and
- the data from the Minibus Leasing Market, as collected from market participants, are comparable and demonstrate a reasonable range.

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

Vigers' survey on the daily rental reflects the actual market transaction and provides strong evidence on the market rentals of the PLBs. In conducting the appraisal, Vigers has made the following major assumptions: (i) there will be no material change in existing political, legal, technological, fiscal or economic condition, which will adversely affect the operation of PLBs under concern; (ii) the market position and the competitiveness of the Company do not change significantly during the period Vigers conducted interviews; (iii) there will be no uncontrollable factor in short term which could adversely affect the Company and its business; and (iv) the market trend and conditions for the minibus operation in Hong Kong will not deviate significantly from the economic forecasts in general.

The Directors (including the Independent Non-Executive Directors) are of the view that the market participants selected by Vigers are fair and representative comparables to assess the daily rentals under the Benchmark Table. The Directors (including the Independent Non-Executive Directors) are of the view that the rentals payable for the PLBs under the New Minibus Leasing Agreement are fair and reasonable in view of (i) the professional advice and independence of Vigers (regarding rentals of the 16-seater PLBs with the age of more than 2 years and of the 19-seater PLBs with the age of 2 years or less) and the Independent Financial Adviser; (ii) the fact that such rentals are comparable to the prevailing market rate rentals (regarding rentals of the 16-seater PLBs with the age of more than 2 years and of the 19-seater PLBs with the age of 2 years or less); (iii) reasonable estimation based on the statistics from the Transport Department of Hong Kong (regarding the rentals of the 19-seater PLBs with the age of over 2 years but within 8 years); and (iv) the support of the PLBs rendered to the Group.

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

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE NEW MINIBUS LEASING AGREEMENT

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

HISTORICAL RENTAL AMOUNTS

The aggregate rentals paid by the Lessee to the Owners under the Original Minibus Leasing Agreement for each financial year ended 31 March 2018, 2019 and 2020 and for the three months ended 30 June 2020 (after deduction of the Monthly Administration Fee of HK\$700 per PLB) are as follows:

	Rentals paid by the Lessee to the Owners <i>HK\$'000</i>
Year ended 31 March 2018 (<i>audited</i>)	66,296
Year ended 31 March 2019 (<i>audited</i>)	63,292
Year ended 31 March 2020 (<i>audited</i>)	65,453
Three months ended 30 June 2020 (<i>unaudited</i>)	16,507

HISTORICAL ANNUAL CAPS

The original annual caps for the amount payable by the Lessee to the Owners under the Original Minibus Leasing Agreement are (i) HK\$35,473,000 for the first six months ended 31 March 2018, (ii) HK\$77,960,000 for the financial year ended 31 March 2019, (iii) HK\$84,099,000 for the financial year ended 31 March 2020; and (iv) HK\$44,271,000 for the last six months ending 30 September 2020.

It is expected that the rentals paid or payable to the Owners for the last six months ending 30 September 2020 under the Original Minibus Leasing Agreement will not exceed the annual cap being HK\$44,271,000 for the same period.

LETTER FROM THE BOARD

NEW ANNUAL CAPS

Pursuant to HKFRS 16 (which came into effect on 1 January 2019), the rental payment payable by the Lessee under the New Minibus Leasing Agreement shall be recognised as right-of-use assets, which shall be amortised over the term of the New Minibus Leasing Agreement. According to the requirements of the Stock Exchange, the Lessee is required to set annual caps on the total value of right-of-use assets relating to the lease entered into under the New Minibus Leasing Agreement.

The Monthly Administration Fee shall be recognised as income of the Lessee over the term of the New Minibus Leasing Agreement and separate annual caps will be set on the Monthly Administration Fee.

Annual caps on the right-of-use assets

The table below sets out the estimated maximum rentals payable by the Lessee to the Owners under the New Minibus Leasing Agreement in different periods: –

	For the 6 months ending 31 March 2021 HK\$'000	For the year ending 31 March 2022 HK\$'000	For the year ending 31 March 2023 HK\$'000	For the 6 months ending 30 September 2023 HK\$'000
Estimated maximum rentals payable by the Lessee to the Owners	33,000	66,977	68,521	35,023

In light of HKFRS 16, the proposed annual caps on the right-of-use assets are set out in the table below: –

	For the 6 months ending 31 March 2021 HK\$'000	For the year ending 31 March 2022 HK\$'000	For the year ending 31 March 2023 HK\$'000	For the 6 months ending 30 September 2023 HK\$'000
Annual caps on the right-of-use assets	209,396	23,671	14,181	4,297

The Directors have considered the following factors in determining the proposed annual caps on the right-of-use assets: –

- (i) the historical rental amounts under the Original Minibus Leasing Agreement;
- (ii) daily rentals of the PLBs payable in accordance with the Benchmark Table based on the age and carrying capacity of the PLBs;

LETTER FROM THE BOARD

- (iii) the expected fleet size of the Group during the term of the New Minibus Leasing Agreement;
- (iv) replacement of older PLBs by new PLBs (including replacement of 16-seater PLBs by new 19-seater PLBs);
- (v) 10% buffer to provide flexibility to meet unexpected circumstances (including addition of PLBs to be leased and any possible adjustment to the market rentals payable under the Benchmark Table as a result of an annual review of the Benchmark Table which may be required by the Independent Non-Executive Directors); and
- (vi) the value of the Group's rights to use the leased PLBs during the term of the New Minibus Leasing Agreement which is initially measured on present value basis and calculated by discounting the expected lease payments for respective connected lease, using the incremental borrowing rate as the discount rate.

Annual caps on the Monthly Administration Fee

The proposed annual caps in respect of the Monthly Administration Fee receivable under the New Minibus Leasing Agreement are as follows: –

	For the 6 months ending 31 March 2021 <i>HK\$'000</i>	For the year ending 31 March 2022 <i>HK\$'000</i>	For the year ending 31 March 2023 <i>HK\$'000</i>	For the 6 months ending 30 September 2023 <i>HK\$'000</i>
Annual caps on the Monthly Administration Fee	1,321	2,643	2,643	1,321

The Directors have considered the following factors in determining the proposal annual caps in respect of the Monthly Administration Fee: (i) the expected fleet size of the Group during the term of the New Minibus Leasing Agreement, and (ii) 10% buffer to provide flexibility to meet unexpected circumstances, including addition of PLBs to be leased.

INFORMATION ON THE PARTIES AND LISTING RULES IMPLICATIONS

Information on the Group, the Lessee and its ultimate beneficial owner(s)

The Group, including the Lessee, is principally engaged in the operation of Green Minibus services in Hong Kong.

The Lessee is a wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Information on Maxson and HKCT and their ultimate beneficial owner(s)

Maxson and HKCT are principally engaged in minibus leasing business in Hong Kong.

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

Information on Big Three and its ultimate beneficial owner(s)

Big Three is principally engaged in minibus leasing business in Hong Kong.

Big Three is owned as to (i) 50% by estate of Mr. Wong (NB: Mr. Vincent Wong acting as the sole executor of his will) and (ii) 50% by Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. Maya Wong (as to 10%, 5%, 25% (out of which 20% is held on trust for Mr. Chace Wong as beneficiary), 5% and 5% respectively). Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and Ms. Maya Wong are Directors and thus connected persons of the Company. According to the Listing Rules, Big Three is an associate of Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong and Ms. Maya Wong and thus also a connected person of the Company.

Listing Rules Implications

In light of the aforesaid and in accordance with HKFRS 16, the PLBs leased under the New Minibus Leasing Agreement will be recognised as right-of-use assets, and as a result, the transactions under the New Minibus Leasing Agreement will be recognised as the acquisition of right-of-use assets, which will constitute non-exempt continuing connected transactions of the Group pursuant to the Listing Rules. The transactions under the New Minibus Leasing Agreement and the New Annual Caps are subject to reporting, announcement and annual review requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

Ms. Ng, Mr. Vincent Wong, Ms. Maya Wong and Ms. Vivian Wong all being Directors and each having a material interest in the New Minibus Leasing Agreement and the transactions thereunder, had abstained from voting on the Board resolution passed on 26 June 2020 for approving the same. None of the other Directors has a material interest in the New Minibus Leasing Agreement and the transactions thereunder or was required to abstain from voting on such Board resolution.

LETTER FROM THE BOARD

AGM

The AGM Notice is set out on pages AGM-1 to AGM-5 of this circular. Ordinary resolutions in respect of (i) the re-election of Directors, (ii) the grant of the Issue Mandate and the Repurchase Mandate to the Directors, and (iii) the approval of the continuing connected transactions regarding the New Minibus Leasing Agreement and the New Annual Caps as referred to above will be proposed at the AGM.

A form of proxy for the AGM is also enclosed with this circular and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.amspt.com). Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire. In order to lower the risk of spread of COVID-19, the Company encourages the Shareholders to consider appointing the chairman of the AGM as his/her proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

VOTING BY POLL

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

(i) Skyblue Group Limited ("Skyblue"), (acting in its capacity as the trustee of The JetSun Trust and being a company interested as to more than 30% by the Trustee), as well as (ii) Ms. Ng (holding Shares as beneficial owner), (iii) Mr. Vincent Wong (holding Shares as beneficial owner, executor of the estate of Mr. Wong and trustee for the benefit of Mr. Chace Wong, Mr. Wong Tin Yue, Noah (the sons of Mr. Vincent Wong), Miss. Wong Tin Lam, Olivia (the daughter of Mr. Vincent Wong)), (iv) Mr. Chace Wong, Mr. Wong Tin Yue, Noah, Miss. Wong Tin Lam, Olivia (holding Shares as beneficial owners); (v) Ms. Loo Natasha Christie (the spouse of Mr. Vincent Wong holding Shares as beneficial Owner), (vi) Ms. Cecilia Wong (holding Shares as beneficial owner), (vii) Ms. Maya Wong (holding Shares as beneficial owner), (viii) Ms. Vivian Wong (holding Shares as trustee for the benefit of Miss Au Tze Yu (the daughter of Ms. Vivian Wong) and Mr. Au Chun Hay Davis (the son of Ms. Vivian Wong)), (ix) Miss Au Tze Yu and Mr. Au Chun Hay Davis (holding Shares as beneficial owners) and (x) Mr. Wong Man Chiu (the younger brother of Mr. Wong holding Shares as beneficial owner), holding in aggregate 194,007,800 Shares representing approximately 71.3% of the shareholding in the Company as at the Latest Practicable Date, will abstain from voting at the AGM on the proposed resolutions approving the New Minibus Leasing Agreement (and the transactions contemplated thereunder) and the New Annual Caps.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

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

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

GENERAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
AMS Public Transport Holdings Limited
Wong Ling Sun, Vincent
Chairman

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

1. WONG LING SUN, VINCENT, *MILT, JP*

Mr. Vincent Wong, aged 45, is the Chairman and an Executive Director. Mr. Wong holds a Bachelor of Arts degree in economics. After graduating from university, he worked for a large smart card system provider company in Hong Kong. He joined the Group in 2002 and has been responsible for monitoring the operation and internal control of the Group. As the Chairman, Mr. Vincent Wong is responsible for chairing and leading the Board in formulating the overall business strategies, monitoring the corporate development of the Group and maintaining good standard of corporate governance practices throughout the Group. Mr. Vincent Wong has been a member of the Chartered Institute of Logistics and Transport in Hong Kong since 2014. He was also an elected member of the Southern District Council from 2008 to 2015.

Mr. Vincent Wong is the son of Mr. Wong and Ms. Ng, the brother of Ms. Maya Wong and Ms. Vivian Wong and the nephew of Mr. Wong Man Chiu, who is the engineering manager of the Group. He was appointed as Executive Director of the Company on 16 October 2004. Before that, he was a Non-Executive Director of the Company. Mr. Vincent Wong was appointed as the vice chairman of the Board on 23 June 2014 and then appointed as the Chairman on 12 December 2014. Mr. Vincent Wong also holds directorships in all of the subsidiaries of the Company. He does not hold any other directorship in any other listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Vincent Wong was deemed to be interested in 117,677,000 Shares, representing 43.27% of the total issued Share capital of the Company, held by Skyblue under Part XV of the SFO as he is one of the beneficiaries of The JetSun Trust. Skyblue is a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. The JetSun Trust is a discretionary trust set up by Mr. Wong and its discretionary objects include Mr. Vincent Wong, Ms. Ng, Ms. Maya Wong and Ms. Vivian Wong. Also, Mr. Vincent Wong was deemed to be interested in 23,256,000 Shares, representing 8.56% of the total issued Share capital of the Company, as he is the executor of the estate of late Mr. Wong. Mr. Vincent Wong is directly interested in 25,362,500 shares of the Company and has family interest of 6,352,000 shares of the Company, representing 9.32% and 2.34% of the total issued share capital of the Company respectively as at the Latest Practicable Date.

Mr. Vincent Wong entered into a service agreement with the Company for an initial term of three years from 16 October 2004 which shall continue thereafter until terminated by either party by serving on the other party not less than six months' notice in writing. He also entered into seven supplemental service agreements with the Company subsequently. The amount of remuneration payable to Mr. Vincent Wong as set out in the supplemental service agreements is approximately HK\$1,040,000 per annum, which includes an annual fixed sum bonus equal to his one month's fixed director's fee. He is also entitled to a discretionary bonus calculated by reference to a percentage (which is determined by the Board with reference to the Group's results and Mr. Vincent Wong's performance) of audited consolidated net profit of the Group after taxation and minority interest but before extraordinary items of the Group and before such

bonus. The amount of discretionary bonus paid to Mr. Vincent Wong for the year ended 31 March 2020 was HK\$100,000. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Apart from the aforesaid, Mr. Vincent Wong has no service agreement or proposed service agreement with any other members of the Group. The amount of the emoluments payable to Mr. Vincent Wong under the service agreements is determined by the remuneration committee of the Board with reference to the level and/or range of remuneration package normally granted by employers in Hong Kong to a senior executive of comparable caliber and job responsibilities.

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

2. NG SUI CHUN

Ms. Ng Sui Chun, aged 69, is the finance director of the Company and one of the founders of the Group. Ms. Ng has been actively involved in the management of the daily operations of the Group for over 44 years and is responsible for the implementation of corporate policy, particularly in the area of finance and administration of the Group. She also actively participates in charitable activities, including being the chairman of the Aberdeen Women Compassion Association, a committee member of the Association for the Elders of Aberdeen, a member of Zhongshan Overseas Women Association and a committee member of The Tung Wah Group of Hospitals Aberdeen District Committee.

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

As at the Latest Practicable Date, Ms. Ng was deemed to be interested in 117,677,000 Shares, representing 43.27% of the total issued Share capital of the Company, held by Skyblue under Part XV of the SFO as she is the one of the beneficiaries of The JetSun Trust. Skyblue is a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. The JetSun Trust is a discretionary trust set up by Mr. Wong and its discretionary objects include Mr. Vincent Wong, Ms. Ng, Ms. Maya Wong and Ms. Vivian Wong. In addition, Ms. Ng was directly interested in 11,318,300 Shares, representing 4.16% of the total issued Share capital of the Company as at the Latest Practicable Date. She also had family interest of 23,256,000 Shares held by her spouse Mr. Wong, representing 8.56% of the total issued Share capital of the Company respectively as at the Latest Practicable Date.

Ms. Ng entered into a service agreement with the Company for an initial term of three years from 22 March 2004 which shall continue thereafter until terminated by either party by serving on the other party not less than six months' notice in writing terminating on or after the expiry of the initial term of three years. She also entered into five supplemental service agreements with the Company subsequently. The amount of remuneration as set out in the supplemental service agreements is approximately HK\$910,000 per annum, which includes an annual fixed sum bonus equal to her one month's fixed director's fee. She is also entitled to a discretionary bonus calculated by reference to a percentage (which is determined by the Board with reference to the Group's results and Ms. Ng's performance) of audited consolidated net profit of the Group after taxation and minority interest but before extraordinary items of the Group and before such bonus. The amount of discretionary bonus paid to Ms. Ng for the year ended 31 March 2020 was HK\$100,000. She is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Apart from this, Ms. Ng has no service contract or proposed service contract with any other members of the Group. The amount of the emoluments payable to Ms. Ng under the service contract is determined by the remuneration committee of the Board with reference to the level and/or range of remuneration package normally granted by employers in Hong Kong to a senior executive of comparable caliber and job responsibilities.

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

3. **KWONG KI CHI**, *GBS, JP*

Mr. Kwong Ki Chi, aged 69, is currently an independent non-executive director of another listed company, Giordano International Limited. He had served in the Hong Kong government for 27 years and held positions principally in the economic and financial fields. Mr. Kwong was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Hong Kong government in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and chief executive and retired in April 2003. Since then, Mr. Kwong had served as managing director of Hsin Chong International Holdings Limited and Hongkong Sales (Int'l) Limited and as director of Macau Legend Development Limited. Besides, Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Hong Kong government. Mr. Kwong graduated from The University of Hong Kong with a bachelor of science degree in physics and mathematics and was awarded a master of philosophy degree in economics and politics of development by the University of Cambridge, England. He has been appointed as Independent Non-Executive Director since March 2011.

As at the Latest Practicable Date, Mr. Kwong was directly interested in 588,000 Shares, representing 0.21% of the total issued Share capital of the Company. He also personally held options to subscribe for 300,000 Shares as at the Latest Practicable Date. Save as disclosed above, Mr. Kwong does not have any other interests in the Shares within the meaning of Part XV of the SFO.

Mr. Kwong has entered into a letter of appointment, which constitutes a service contract, with the Company for a term of up to three years until retirement under the Article of Association, which will be renewed for a term of three years upon each re-election. He is entitled to receive from the Company a director's emolument of HK\$384,000 per annum which is determined by the Board and its remuneration committee with reference to his duties and responsibilities within the Company. Apart from the foregoing, Mr. Kwong has not held any directorship in any other listed public companies in the last three years and has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. Other than being an Independent Non-Executive Director, Mr. Kwong does not hold any other positions in the Company or any of its subsidiaries.

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

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

4. JAMES MATHEW FONG

Mr. James Mathew Fong, aged 44, is a partner of Bird & Bird, one of the largest international law firms in Hong Kong. He obtained a Bachelor of Laws degree from The University of Hong Kong and is a member of The Law Society of Hong Kong. During his more than 20 years of legal career, Mr. Fong has been advising listed issuers and investment banks clients on capital markets, merger & acquisition and corporate governance matters. He also serves in a number of statutory bodies and committees in Hong Kong. He is currently a member of the Private Columbia Licensing Board, an observer of the Independent Police Complaints Council, the Deputy Chairman of Appeal Board established under the Urban Renewal Authority Ordinance. He is also a member of the Panel of Advisors on Building Management Disputes and a coop member of Hong Kong Arts Development Council review committee. Mr. Fong is currently an independent non-executive director of another public company listed on The Stock Exchange of Hong Kong Limited, Kwoon Chung Bus Holdings Limited (Stock code: 306). He was appointed as Independent Non-Executive Director on 19 June 2020.

Mr. Fong has entered into a letter of appointment, which constitutes a service contract, with the Company for a term of up to AGM and will then be eligible for election in accordance with the Articles of Association. If he is elected, his appointment will continue for a term of up to one year expiring at the conclusion of the Company's annual general meeting to be held in 2021, which will be renewed for a term of three years upon each re-election. As specified in his

letter of appointment, he shall be entitled to receive from the Company a director's emolument of HK\$300,000 per annum which is determined by the Board with reference to his duties and responsibilities within the Company, the prevailing market conditions and the remuneration committee's recommendation.

In addition to his capacity as an Independent Non-executive Director, Mr. Fong has also been appointed as the chairman of the remuneration committee of the Company, a member of the audit committee and nomination committee of the Company. Furthermore, Mr. Fong has confirmed to the Company that he had met the independence guideline as set out in Rule 3.13 of the Listing Rules and has submitted such written confirmation concerning his independence to the Stock Exchange. Therefore, the Board considers him to be independent and believes he should be re-elected in view of his extensive professional experience and valuable contribution to the Board.

Save as disclosed above, as at the Latest Practicable Date, Mr. Fong does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years and he does not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company. Mr. Fong does not hold any position with the Company or any other member of its group and he does not hold any interest or short position in the securities of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

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

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

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$27,191,300 divided into 271,913,000 fully paid Shares.

Subject to the passing of the resolution granting the proposed Repurchase Mandate and on the basis that no further Shares will be issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 27,191,300 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASE

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

FUNDING OF REPURCHASE

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

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

POSSIBLE MATERIAL ADVERSE IMPACT

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2020, being the date of its latest audited consolidated financial statements. Therefore, the Directors do not intend to make any repurchase to such an extent as would, in the circumstances, have a material adverse effect on the appropriate working capital requirements or the gearing position of the Company as they would consider from time to time.

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

TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

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

As at the Latest Practicable Date, so far as known to the Directors and according to the register of interests and short positions of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO, Skyblue, a company incorporated in the British Virgin Islands and wholly owned by Metro Success, was interested in 117,677,000 Shares, representing 43.27% of the entire issued capital of the Company. Metro Success is wholly owned by JETSUN, which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee (as trustee of The JetSun Trust) and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. All of Mr. Vincent Wong, Ms. Ng, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian Wong are the discretionary objects of the JetSun Trust.

Assuming that Skyblue (being the controlling shareholder as at the Latest Practicable Date) does not dispose of its Shares, if, which is not presently contemplated, the Repurchase Mandate is to be exercised in full, the percentage of shareholding of Skyblue before such repurchase based on the issued share capital of the Company as at the Latest Practicable Date, being 43.27%, would be increased to approximately 48.08% after such repurchase.

Apart from the aforesaid increase in shareholding held by Skyblue, the Directors are not aware of any consequences of such repurchase of Shares that would result in Skyblue or any other Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. If the Repurchase Mandate is to be exercised in full, the percentage of shareholding held by the existing Shareholders who being excluded from the definition of "members of the public" given under Rule 8.24 of the Listing Rules, currently altogether holding an aggregate of approximately 73.29% of the shareholding

of the Company, will then exceed 75% and thus, the number of Shares held by the public would fall below 25% of the total number of issued Shares. Nevertheless, the Company has no present intention to repurchase Shares or exercise the Repurchase Mandate in full so that the public float of the Company would not fall below 25% of the total number of issued Shares.

SHARE PRICES

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

	Highest (HK\$)	Lowest (HK\$)
2019		
July	1.03	0.93
August	1.08	0.91
September	0.91	0.86
October	0.89	0.83
November	0.92	0.81
December	0.97	0.85
2020		
January	0.90	0.82
February	0.89	0.81
March	0.88	0.68
April	0.75	0.65
May	0.77	0.61
June	0.71	0.64
July (up to the Latest Practicable Date)	0.70	0.64

SHARE REPURCHASE MADE BY THE COMPANY

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

GENERAL

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

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



AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

17 July 2020

To the Independent Shareholders

Dear Sir or Madam,

**MINIBUS LEASING AGREEMENT
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

We refer to the circular dated 17 July 2020 (“**Circular**”) of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

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

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

We wish to draw your attention to the letter from the Board as set out on pages 6 to 21 of the Circular, and the letter from the Independent Financial Adviser as set out in Appendix IV of the Circular which contains, among other things, its advice and recommendation to us regarding the terms of the New Minibus Leasing Agreement and the New Annual Caps with the principal factors and reasons for its advice and recommendation.

**APPENDIX III LETTER FROM THE INDEPENDENT BOARD COMMITTEE IN RELATION
TO THE CONTINUING CONNECTED TRANSACTIONS**

RECOMMENDATION

Having taken into account the advice and recommendation of the Independent Financial Adviser, we consider that the New Minibus Leasing Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms (including the payment terms), and the entering into of the New Minibus Leasing Agreement and the transactions thereunder is in the interests of the Group and the Shareholders as a whole, and that the terms thereof and the New Annual Caps are fair and reasonable as far as the Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the New Minibus Leasing Agreement (and the transactions thereunder) and the New Annual Caps.

Yours faithfully
For and on behalf of
the Independent Board Committee
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi
Mr. James Mathew Fong
Independent Non-Executive Directors

The following is the text of the letter of advice from VMS Securities Limited to the Independent Board Committee regarding the New Minibus Leasing Agreement prepared for the purpose of inclusion in this circular.



VMS Securities Limited
49/F, One Exchange Square,
8 Connaught Place,
Central, Hong Kong
17 July 2020

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

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee with regard to the continuing connected transactions in relation to the New Minibus Leasing Agreement. Details of the continuing connected transactions and the proposed caps for the period from 1 October 2020 to 30 September 2023 are contained in the “Letter from the Board” of the circular to the Shareholders dated 17 July 2020 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

Reference is made to the announcement of the Company dated 26 June 2020 in respect of the New Minibus Leasing Agreement and the New Annual Cap.

As set out in the Company’s announcement of 26 June 2020, the Lessee, which is a wholly-owned subsidiary of the Company, entered into the New Minibus Leasing Agreement with the Owners under which the Lessee conditionally agreed to rent from the Owners certain minibuses owned by them, and the Owners conditionally agreed to lease such minibuses to the Lessee during the period from 1 October 2020 to 30 September 2023 (the “**Leasing Transactions**”). As each of the Owners is a connected person of the Company under the Listing Rules and the relevant percentage ratios of the New Annual Cap are higher than the thresholds set out in the Listing Rules, the proposed ongoing transactions between the Company and the Owners under the New Minibus Leasing Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to, among others, the approval of the Shareholders at a general meeting of the Company. Any shareholders who have a material interest in the transaction must abstain from voting on the transaction.

The Independent Board Committee comprising all Independent Non-Executive Directors, namely, Dr. Chan Yuen Tak Fai, Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong, has been established to consider the terms of the New Minibus Leasing Agreement and the New Annual Cap for the three years ending 30 September 2023. As the Independent Financial Adviser to the Independent Board Committees, our role is to give an independent opinion to the Independent Board Committees and the Independent Shareholders as to whether (i) the New Minibus Leasing Agreement and the transactions contemplated thereunder and the New Annual Caps are in the interests of the Company and the Independent Shareholders as a whole and are fair and reasonable so far as the shareholders are concerned; (ii) the New Minibus Leasing Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the Independent Shareholders should vote in favour of the resolutions to approve the New Minibus Leasing Agreement at the AGM.

As at the Latest Practicable Date, we were independent from and not connected with the Group under Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice regarding the New Minibus Leasing Agreement and the transactions contemplated thereunder. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS AND ASSUMPTIONS OF THE ADVICE

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the New Minibus Leasing Agreement, we have taken into consideration the following principal factors and reasons:

1. Background information to and reasons for the New Minibus Leasing Agreement*(i) Information on the Group*

The Group is principally engaged in the provision of franchised PLB transportation services in Hong Kong. As at the Latest Practicable Date, the Company operates 71 Green Minibus routes and five residents' bus routes, and based on the Company's announcement of the annual results for the year ended 31 March 2020, the Group had 354 PLBs and operated 71 franchised PLB routes.

The following is the franchised PLB and residents' bus service income of the Group for each of the three financial years ended 31 March 2018, 2019 and 2020, which is extracted from the Company's annual results for the respective period.

	Year ended 31 March		
	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Franchised PLB and residents'			
bus service income	365,077	392,924	383,797

As indicated in the table above, income from franchised PLB and residents' bus services increased slightly from approximately HK\$383.8 million for the year ended 31 March 2018 to approximately HK\$392.9 million for the year ended 31 March 2019.

As explained in the Company's announcement of the annual results for the year ended 31 March 2020, due to the outbreak of social unrest since June 2019 and the COVID-19 pandemic, the patronage of the Group dropped by approximately 8.0%, to approximately 55.3 million for the year ended 31 March 2020 as compared with approximately 60.1 million for the corresponding same period in 2019 and its service income decreased by HK\$27.8 million, or 7.1% from approximately HK\$392.9 million for the year ended 31 March 2019 to approximately HK\$365.1 million for the year ended 31 March 2020.

(ii) Information on the Owners

As stated in the Letter from the Board, each of the Owners is principally engaged in the minibus leasing business in Hong Kong. As at the date of the New Minibus Leasing Agreement and the Latest Practicable Date:

- (i) Maxson and HKCT are both owned as to 60% by All Wealth and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. Maya Wong and Ms. Vivian

Wong (as to 10%, 15%, 5%, 5% and 5%, respectively), whereas All Wealth is wholly owned by Metro Success, which is wholly and indirectly owned by the Trustee acting as the trustee of The JetSun Trust, a discretionary trust set up by the late Mr. Wong and the discretionary objects of which are members of the Wong Family; and

- (ii) Big Three is owned as to (i) 50% by the estate of Mr. Wong; and (ii) 50% by Mr. Vincent Wong, Ms. Ng, Ms. Vivian Wong, Ms. Cecilia Wong and Ms. Maya Wong (as to 10%, 5%, 25% (out of which 20% is held on trust for Mr. Chace Wong as beneficiary), 5% and 5%, respectively).

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

2. Reasons for the New Minibus Leasing Agreement

The New Minibus Leasing Agreement will be the seventh agreement of this type entered into between the Owners and the Group since 1 April 2003, and the Original Minibus Leasing Agreement, being the latest one in effect, was entered into on 29 June 2017 to further renew the lease for three years from 1 October 2017 to 30 September 2020.

The Original Minibus Leasing Agreement will soon expire and it is anticipated that the Group will continue to lease PLBs from the Owners for the operation of its Green Minibus routes. Accordingly, for the purposes of governing the Leasing Transactions and ensuring compliance with Chapter 14A of the Listing Rules, the Group entered into the New Minibus Leasing Agreement with the Owners which will be subject to reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

3. Principal terms of the New Minibus Leasing Agreement

The terms of the New Minibus Leasing Agreement are largely based on the Original Minibus Agreement. However, since the Original Minibus Leasing Agreement there was a change in law in 2017 which increased the maximum capacity of PLBs from 16 to 19 seats. As such, the Group shall lease 16-seater and 19-seater PLBs from the Owners and it is agreed between the Lessee and the Owners that a different daily rental rate shall be applied to 16-seater and 19-seater PLBs in the New Minibus Leasing Agreement. The New Minibus Leasing Agreement provides that the Group may lease certain PLBs from each of the Owners from 1 October 2020 to 30 September 2023. Pursuant to the New Minibus Leasing Agreement, rentals shall be paid in advance on or before the 5th day of each calendar month. As stated in the Letter from the Board, the terms of the New Minibus Leasing Agreement were arrived at after arm's length negotiation between the parties.

The principal terms of the New Minibus Leasing Agreement are summarised as follows:

(i) *Rentals*

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

Class	Age	Carrying capacity (seats)	Daily rental (inclusive of vehicle license fees and insurance premium)
1	2 years or below	19	HK\$750
2	Over 2 years	16	HK\$480
3	Over 2 years but within 8 years	19	HK\$680

Note: Since December 2018 the Company has not operated any 16-seater PLBs which are under 2 years old

The rentals in respect of each PLB will be reduced during the term of the New Minibus Leasing Agreement by reference to the age of each PLB in accordance with the Benchmark Table. Also, pursuant to the terms of the New Minibus Leasing Agreement, subject to any annual review of the Benchmark Table which may be required by the Independent Non-Executive Directors, the Benchmark Table will be applied throughout the whole three years term and will be reviewed upon the renewal of the New Minibus Leasing Agreement. The management of the Company will provide prevailing PLB rental information in the market, which will be sourced from the Transport Department of Hong Kong, to the Independent Non-Executive Directors annually for their consideration. The Independent Non-Executive Directors will then consider if the market rental is materially lower than the contract rental in the Benchmark Table thereby warranting the need for

adjustment to the Benchmark Table. Upon request of the Independent Non-Executive Directors for an annual review of the Benchmark Table or upon the renewal of the New Minibus Leasing Agreement, the Company and the Owners shall jointly appoint an independent valuer to assess the prevailing market rentals of the PLBs. The Benchmark Table should then be adjusted in accordance with the then prevailing market rental as so assessed by the independent valuer, whose decision shall be final and conclusive and binding on the parties to the New Minibus Leasing Agreement.

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

As discussed with Vigers, we understand that in assessing the market value of the rental payment for PLBs, Vigers considers the market approach as a reasonable basis for the appraisal due to, among other things, the fact that (i) though not necessarily a well-structured market, there exists a market on the leasing of PLBs which provides observable market rental; (ii) the market transaction provides direct indication on the dollar amount of rental payment without the use of guesstimated market return or licence value to determine the required rental income; and (iii) the data from the minibus leasing market, as collected from market participants, are comparable and demonstrate a reasonable range. Given the existence of comparable and sufficient market data, the consistency of the results and the conformity of the market participants, Vigers concluded that the use of the market approach is most appropriate.

In particular, Vigers notes that there were a total of 4,346 registered PLBs, of which 3,302 were Green Minibuses, in the market as at the end of 2019. Although there is no structured trading market established for the lease of PLBs in Hong Kong, the market is efficient enough to indicate a benchmark on the rental as both the minibus owner and the operator can easily access each other and draw comparison on the rental. Vigers also points out that the PLBs market is highly fragmented, with a few large players and numerous smaller ones. In this connection and for the purposes of assessing the market value of rental for PLBs leasing, we understand that Vigers has conducted interviews with the Transport Department, PLB agents, PLB associations and a PLB operator to arrive at an approximation of the average rental price for PLBs.

Based on the results of the interviews, Vigers considers that the average prevailing market rental for 19-seater PLBs in operation for 2 years or below and 16-seater PLBs in operation for over 2 years are HK\$752 per day and HK\$487 per day, respectively. We have discussed with Vigers regarding the calculation of the average prevailing market rental, and we note that Vigers used the weighted average calculation and has included only market rental data where the interviewee stated the age group of the PLBs leased (i.e. 19-seater PLBs in operation for two years or below and 16-seater PLBs in operation over two years). Given that Vigers has conducted interviews with independent PLB parties and only comparable data is included in the weighted average calculation, we are of the view that the calculation of the average rental price for 19-seater PLBs in operation for 2 years or below and 16-seater PLBs in operation for over 2 years is fair and reasonable.

According to Vigers, there is currently limited market information in respect of the rental of 19-seater PLBs within the projected age range of over 2 years but within 8 years. As such and taking into account the three-year term of the New Minibus Leasing Agreement, the daily rental of HK\$680 for 19-seater PLBs in operation for over 2 years but within 8 years was agreed between the Group and the Owners by calculation with reference to (i) the average age of the 19-seater PLBs under such category (being 4 years over the term of the New Minibus Leasing Agreement); and (ii) the respective prevailing market daily rental for 19-seater PLBs and 16-seater PLBs as reflected in Viger's valuation report, which shall correspond to the average age of PLBs in the market as per the statistics from the Transport Department of Hong Kong (being age of 1 year for 19-seater PLBs and age of 14 years for 16-seater PLBs), i.e. HK\$750 for PLBs with the age of 1 year and HK\$480 for PLBs with the age of 14 years, taking that the daily rental shall be amortised over years in an even manner and with a round-down. For clear illustration purpose, the market daily rental derived from such amortisation exercise shall be HK\$688 for PLBs with the average age of 4 years, and the Owners and the Lessee have agreed to adopt a rounded-down figure of HK\$680 as the daily rental for 19-seater PLBs with the age of more than 2 years but within 8 years.

Having considered the assumptions, the methodology, and the basis applied by Vigers in its assessment of the market rental for PLBs and their professional opinion that there is sufficient information from the market on the market rental for market data to be collected, indicating a benchmark or market equilibrium PLBs daily rental price, we consider that the Valuation has been conducted on a fair and reasonable basis. As the proposed rental for each class of PLBs under the Benchmark Table is equal to or less than the respective daily market rental concluded from the Valuation, we are of the view that the proposed rentals under the Benchmark Table are not less favourable than the prevailing rentals for PLBs in the market. In addition, since the Group also leases PLBs from other PLB owners who are independent third parties, we have discussed with the Company regarding the comparison between the daily rentals under the Benchmark Table and the existing daily rentals paid by the Group to the independent third parties PLB owners. In this connection, we note that as at the Latest Practicable Date, the Group only leased two PLBs from independent third parties, (i) one 16-seater PLB in operation over 2 years with a daily rent of HK\$640, which is higher than, the proposed daily rental of HK\$480 for 16-seater PLBs in operation over 2 years under the Benchmark Table; and (ii) one 19-seater PLB in operation less than 2 years with a daily rent of HK\$640, which is lower than, the proposed daily rental of HK\$750 for 19-seater PLBs in operation under 2 years under the Benchmark Table. Although the rental of such 19-seater PLB is below the daily rental agreed with the Owners, we understand from the management of the Company that the lower rental paid by the Group for such vehicle was due to the fact that the rental agreements between the Group and such independent third party PLB owners were signed in July 2017 at the time the law changed and when there was no reference for such rentals leading to it being based on the then market rent for 16-seater PLBs. We understand from the management of the Company that they consider such arrangement to be a one-off and not representative of the market. The Company has also sought the rental quotation for a 19-seater in operation under 2 years from another independent third party, and was offered a vehicle for the daily rent of HK\$1,000, which is higher than the proposed rentals under the Benchmark Table. Given that the rentals for 19-seater PLBs can

range from HK\$640 to HK\$1,000 as well as the number of PLBs the Company is leasing, we are of the view that the Benchmark Table is favorable to the Company and is fair and reasonable as far as the Independent Shareholders are concerned. In addition, given that the Benchmark Table will be subject to annual review if required by the Independent Non-Executive Directors and may be adjusted in accordance with the then prevailing market rentals as so assessed by an independent valuer, we are also of the view that any adjustment to be made to the Benchmark Table on such basis will be fair and reasonable.

(ii) *Monthly Administration Fee*

Under the New Minibus Leasing Agreement, the Group has agreed to arrange, on behalf of the Owners, to take out and maintain insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased under the New Minibus Leasing Agreement, subject to reimbursement of such fees and expenses by the Owners. In consideration of such services, the Owners shall pay to the Group a monthly administration fee (the “**Monthly Administration Fee**”) of HK\$700 per PLB which shall be deducted from the rentals payable by the Company for the PLBs. On the other hand, the Group shall be responsible for the cost of service and maintenance (including but not limited to materials, oil, grease and lubricants) in accordance with the manufacturer’s recommendations, together with the cost of any necessary repairs and for all fuels and lubricants for the proper running of the PLBs. As discussed with Vigers, we understand that it is very common in the market for lessees to bear the repairs and maintenance costs of the leased PLBs but in cases where owners are requested to be responsible for the payment on repairs and maintenance, then the rent will be negotiated on such basis. We have also discussed with the Company as to whether or not it expects to incur substantial costs of repairs and maintenance under the New Minibus Leasing Agreement. In this connection, we understand from the Company that repairs and maintenance costs have basically been consistent from year to year depending on the fleet size and fleet age and the Company does not expect to have any substantial increase in its repairs and maintenance costs as a result of the New Minibus Leasing Agreement. As explained by the Company, its practice is always to take extra care with a stringent standard on routine maintenance so that the PLBs leased by the Group are always in good condition. Such practice will also help the Group to avoid any unexpected overhaul with substantial costs for the leased PLBs.

We understand from the Company that the Monthly Administration Fee has been determined on a cost plus margin basis. As advised by the Company, the arrangements for the Monthly Administration Fee between the Group and the Owners are on similar terms to those with other PLBs owners who are independent third parties and lease PLBs to the Group. In particular, the Company also charges the independent third party PLB owners a monthly administration fee of HK\$700 per PLB and arranges on their behalf for taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased to the Group.

In addition to leasing PLBs from the Owners, we understand that the Group leases PLBs from other independent third party PLB owners. We have reviewed all three PLB lease agreements entered into between the Group and independent third party PLB owners and noted that, all PLB owners are required to pay to the Group monthly administration fees at HK\$700 per PLB. On the basis that the Monthly Administration Fee has been based on terms which are no more favourable to the Owners than those offered by the Company to independent third party PLB owners, we consider that the Monthly Administration Fee and the payment arrangement to be fair and reasonable as far as the Independent Shareholders are concerned.

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

(iii) Number of PLBs subject to lease

Pursuant to the New Minibus Leasing Agreement, the Group will lease a total of 286 PLBs from the Owners and such number of PLBs may be varied from time to time by mutual written agreement, provided that the rentals of all the PLBs leased under the New Minibus Leasing Agreement are determined by the Benchmark Table. In addition, the Owners shall be obligated to increase the number of PLBs subject to lease under the New Minibus Leasing Agreement up to an aggregate of 315 (representing the original number of PLBs subject to the New Minibus Leasing Agreement as enlarged by approximately 10%) upon request of the Lessee. As at the Latest Practicable Date, there were 286 PLBs leased by the Owners to the Lessee under the Original Minibus Leasing Agreement, and their average age was 6.4 years.

We understand from the Company that the initially agreed number of PLBs (i.e. 286) subject to lease under the New Minibus Leasing Agreement has been based on the actual number of PLBs leased from the Owners to the Group as at the date of the New Minibus Leasing Agreement. Given that the New Minibus Leasing Agreement also provides the Lessee the right, but not the obligation, to demand additional PLBs to be leased from the Owners, we are of the view that such right will provide the Group with the flexibility to expand its PLB fleet size, if necessary, during the term of the New Minibus Leasing Agreement and is therefore in the interests of the Company and the Shareholders as a whole.

(iv) Right of first refusal

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

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

Given that the terms of the New Minibus Leasing Agreement are materially the same as the terms of the Original Minibus Leasing Agreements, it will provide indication as to the fairness and reasonableness of the terms of the New Minibus Leasing Agreement. In this regard, we have reviewed the annual reports of the Company for the two financial years ended 31 March 2018 and 31 March 2019 which indicated that the auditors of the Company had conducted annual reviews of the Group's transactions with the Owners under the Original Minibus Leasing Agreement and had confirmed that, among others, those transactions had been entered into in accordance with the terms of the Original Minibus Leasing Agreement and were either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties. Moreover, it was stated in the aforesaid annual reports of the Company that the Independent Non-executive Directors of the relevant time had reviewed, approved and confirmed the continuing connected transactions for the two years ended 31 March 2020.

We have also reviewed records of monthly rental payments by the Group to the Owners in respect of the leasing of PLBs for each month of the financial year ended 31 March 2020, being a complete year's worth of receipts of rental payments for the latest financial year and which, we consider to be a fair and representative record of the transactions between the Group and the Owners. We noted that such payments were made in accordance with the terms of the Original Minibus Leasing Agreement.

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

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

Pursuant to HKFRS 16 "Lease", which is effective for financial statements with annual period beginning on or after 1 January 2019, the rental payment payable by the Lessee under the New Minibus Leasing Agreement shall be recognised as right-of-use assets, which shall be amortised over the term of the New Minibus Leasing Agreement. According to the requirements of the Stock Exchange, the Lessee is required to set annual caps on the total value of right-of-use assets relating to the lease entered into under the New Minibus Leasing Agreement.

The Monthly Administration Fee shall be recognised as income of the Lessee over the term of the New Minibus Leasing Agreement and separate annual caps will be set on the Monthly Administration Fee.

As noted from the Letter from the Board, having considered the daily rentals of the PLBs payable in accordance with the Benchmark Table, the expected fleet size and the demand of leased PLBs and the actual rentals paid by the Group under the Original Minibus Leasing Agreement, the Directors expect the number of 16-seater PLBs as well as 19-seater PLBs to be

leased from the Owners and the periodic rentals payable by the Group to the Owners under the New Minibus Leasing Agreement to be forecasted as follows:

**Table 4a: the expected number of PLBs to be leased
from the Owners for 16-seater and 19-seater PLBs**

	As at 30/9/2020	As at 31/3/2021	As at 31/3/2022	As at 31/3/2023	As at 30/9/2023
For 16-seater PLBs in operation over 2 years	<u>104</u>	<u>88</u>	<u>64</u>	<u>40</u>	<u>28</u>
	104	88	64	40	28
For 19-seater PLBs in operation 2 years or below	88	74	40	50	50
For 19-seater PLBs in operation over 2 years	<u>94</u>	<u>124</u>	<u>182</u>	<u>196</u>	<u>208</u>
	<u>182</u>	<u>198</u>	<u>222</u>	<u>246</u>	<u>258</u>
Total number of 16-seater and 19 seater PLBs	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>

Based on the Company's forecast of the Leasing Transactions to be carried out from 1 October 2020 to 30 September 2023, we noted that the total number of PLBs to be leased from the Owners will be 286 which is based on the actual number of PLBs to be leased from the Owners as at the date of the New Minibus Leasing Agreement. In other words, the Company does not expect there to be any change to its fleet size with respect to the PLBs to be leased from the Owners in the near future. In fact, such view is also consistent with the findings of Vigers that the daily market value for PLBs remains relatively stable. As such, the Company has taken a prudent approach and considers that there may not be a substantial increase in the number of routes which the Group is operating as well as the fleet size. As advised by the Company, the number of 19-seater PLBs operated will increase as it gradually replaces 16-seater PLBs due to the change in the law therefore, the number of 16-seater PLBs is expected to decrease from 104 as at 30 September 2020 to 28 as at 30 September 2023 and the number of 19-seater PLBs will increase from 182 as at 30 September 2020 to 258 as at 30 September 2023.

Table 4b: the Annual Caps on the right-of-use assets

	For the 6 months ending 31 March 2021 <i>HK\$'000</i>	For the year ending 31 March 2022 <i>HK\$'000</i>	For the year ending 31 March 2023 <i>HK\$'000</i>	For the 6 months ending 30 September 2023 <i>HK\$'000</i>
Annual caps on the right-of-use assets	209,396	23,671	14,181	4,297

It is expected that the estimated value of the right-of-use asset for the PLBs including the 10% expansion buffer as at the date of the New Minibus Leasing Agreement for the six months ending 31 March 2021 to be approximately HK\$209.4 million. Such amount is calculated by discounting the estimated total rentals payable by the Group to the Owners as at the date of the New Minibus Leasing Agreement for the three years ending 30 September 2023. As a result, the Annual Cap for the six months ending 31 March 2021 is fixed at approximately HK\$209.4 million.

As advised by the Company, 16-seater PLBs will gradually be phased out and replaced by 19-seater PLBs, therefore the Directors have fixed the annual caps on the right-of-use assets for the two years ending 31 March 2023 and the six months ending 30 September 2023 to be approximately HK\$23.7 million, HK\$14.2 million and HK\$4.3 million, respectively.

Table 4c: the Annual Caps on Monthly Administration Fee

	For the 6 months ending 31 March 2021 <i>HK\$'000</i>	For the year ending 31 March 2022 <i>HK\$'000</i>	For the year ending 31 March 2023 <i>HK\$'000</i>	For the 6 months ending 30 September 2023 <i>HK\$'000</i>
Annual caps on the Monthly Administration Fee	1,321	2,643	2,643	1,321

With consideration to the following factors: (i) the expected fleet size of the Group during the term of the New Minibus Leasing Agreement; and (ii) 10% buffer to increase the fleet size, the Directors have fixed the annual cap on the Monthly Administration Fee to be approximately HK\$1.3 million, HK\$2.6 million, HK\$2.6 million and HK\$1.3 million for the six months ending 31 March 2021, the two years ending 31 March 2023 and the six months ending 30 September 2023.

Taking into account of (i) the expected fleet size; (ii) the replacement of older 16-seater PLBs by new 19-seater PLBs; and (iii) 10% buffer to provide flexibility to meet unexpected circumstances, we are of the view the New Annual Caps on the Monthly Administration Fee to be fair and reasonable.

5. Conditions of the New Annual Cap

There are certain conditions of the annual cap pursuant to the Listing Rules, in particular, the restriction of the value of the Leasing Transactions by way of the annual cap for each period over the three years term of the New Minibus Leasing Agreement ending 30 September 2023 (i.e. the New Annual Cap) and the annual review by the Independent Non-Executive Directors of the terms of the Leasing Transactions and the New Annual Cap not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. In addition, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the Leasing Transactions are conducted in accordance with the New Minibus Leasing Agreement and that the New Annual Cap have not been exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the Independent Non-Executive Directors and/or its auditors will not be able to confirm the terms of the Leasing Transactions or the New Annual Cap not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the Leasing Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

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

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

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

Yours faithfully,
for and on behalf of
VMS Securities Limited
Tsun K. Chen
Managing Director
Corporate Finance

Mr. Tsun K. Chen is a licensed person and a responsible officer of VMS Securities Limited registered with the Securities and Futures Commission to carry out Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities under the SFO, and has over ten years of experience in the corporate finance industry.

1. DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF DIRECTORS, CHIEF EXECUTIVES AND SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

Directors' Interests in Shares

Directors' interests and short positions in the Shares and underlying Shares in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying Shares and debentures in/of the Company and its associated corporations (within the meaning of the Part XV of the SFO) which have been recorded in the register required to be kept under Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"), were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Capacity	Nature of interest	Number of ordinary Shares held	Number of underlying Shares held in respect of the Share options (note d)	Total shareholding	Approximate percentage of
Mr. Vincent Wong (notes a & b)	Beneficiary of a discretionary trust	Other	117,677,000	-	117,677,000	43.28%
	Beneficial owner	Personal	25,362,500	-	25,362,500	9.33%
	Executor of the estate of late Mr. Wong	Other	23,256,000	-	23,256,000	8.55%
	Spouse of Ms. Loo Natasha Christie	Family	352,000	-	352,000	0.13%
	Father of Mr. Chace Wong	Family	2,000,000	-	2,000,000	0.74%
	Father of Mr. Wong Tin Yue, Noah	Family	2,000,000	-	2,000,000	0.74%
	Father of Miss Wong Tin Lam, Olivia	Family	2,000,000	-	2,000,000	0.74%
Ms. Ng (note a)	Beneficiary of a discretionary trust	Other	117,677,000	-	117,677,000	43.28%
	Beneficial owner	Personal	11,318,300	-	11,318,300	4.16%
	Spouse of Mr. Wong	Family	23,256,000	-	23,256,000	8.55%

Name of Director	Capacity	Nature of interest	Number of ordinary Shares held	Number of underlying Shares held in respect of the Share options (note d)	Total shareholding	Approximate percentage of
Mr. Chan Man Chun	Beneficial owner	Personal	3,539,500	–	3,539,500	1.30%
	Spouse of Ms. Chan Lai Ling	Family	220,000	–	220,000	0.08%
Ms. Maya Wong (note a)	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.28%
	Beneficial owner	Personal	3,357,000	–	3,357,000	1.23%
Ms. Vivian Wong (note c)	Beneficiary of a discretionary trust	Other	117,677,000	–	117,677,000	43.28%
	Mother of Miss Au Tze Yu	Family	2,200,000	–	2,200,000	0.81%
	Mother of Mr. Au Chun Hay, Davis	Family	2,000,000	–	2,000,000	0.74%
Dr. Chan Yeun Tak Fai Dorothy	Beneficial owner	Personal	588,000	300,000	888,000	0.33%
Mr. Kwong Ki Chi	Beneficial owner	Personal	588,000	300,000	888,000	0.33%

Notes:

- (a) As at the Latest Practicable Date, a total of 117,677,000 ordinary Shares were held by Skyblue, which is a wholly owned subsidiary of Metro Success. Metro Success is a wholly owned subsidiary of JETSUN, which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining one unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. Mr. Wong is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Mr. Vincent Wong, Ms. Ng and Ms. Maya Wong, Ms. Vivian Wong and Ms. Cecilia Wong.
- (b) As at the Latest Practicable Date, Mr. Vincent Wong held 2,000,000, 2,000,000 and 2,000,000 ordinary Shares as trustee for the benefit of his children Mr. Chace Wong (a minor), Mr. Wong Tin Yue, Noah (a minor) and Miss. Wong Tin Lam, Olivia (a minor) respectively.
- (c) As at the Latest Practicable Date, Ms. Vivian Wong held 2,200,000 and 2,000,000 ordinary Shares as trustee for the benefit of her children Miss Au Tze Yu (a minor) and Mr. Au Chun Hay Devis (a minor) respectively.
- (d) The share options granted by the Company are physically settled equity derivatives.

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

Share Options

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

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

Details of the outstanding share options of the Company as at the Latest Practicable Date are as follows:

Name of grantees	Date of grant (d/m/y) <i>(note a)</i>	Number of Share options granted	Period during which rights are exercisable (d/m/y)	Exercise price per Share option (HK\$)	Outstanding as at the Latest Practicable Date
Directors:					
Dr. Chan Yuen Tak Fai	20/10/2011	300,000	20/10/2011- 19/10/2021	1.60	300,000
Dorothy					
Mr. Kwong Ki Chi	20/10/2011	300,000	20/10/2011- 19/10/2021	1.60	300,000
Total Directors					600,000

Name of grantees	Date of grant (d/m/y) <i>(note a)</i>	Number of Share options granted	Period during which rights are exercisable (d/m/y)	Exercise price per Share option (HK\$)	Outstanding as at the Latest Practicable Date
Former Director:					
Dr. Lee Peng Fei, Allen <i>(note b)</i>	20/10/2011	300,000	20/10/2011- 19/10/2021	1.60	300,000
	23/9/2015	258,000	23/9/2015- 22/9/2025	1.25	258,000
					558,000
Continue Contract Employees:					
In aggregate	20/10/2011	4,050,000	20/10/2011- 19/10/2021	1.60	4,000,000
	23/9/2015	3,096,000	23/9/2015- 22/9/2025	1.25	2,339,000
					6,339,000
Total all categories					7,497,000

Notes:

- (a) The share options granted on 20 October 2011 were granted under the 2004 Scheme while those granted on 23 September 2015 were granted under the 2013 Scheme.
- (b) Dr. Lee Peng Fei, Allen, a former Director, passed away on 15 May 2020. His share options would lapse after one year from the date of his death.
- (c) The closing prices of each share immediately before the date of grant of 20 October 2011 and 23 September 2015 were HK\$1.60 and HK\$1.25 respectively.
- (d) All outstanding share options were vested immediately on the date of grant.

Substantial Shareholders

As at the Latest Practicable Date, the following persons (other than the Directors) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of the Shareholders		Number of Shares/ underlying Shares held	Percentage to the total number of issued Shares
The Trustee	<i>(note a)</i>	133,077,000	48.94%
JETSUN	<i>(note a)</i>	117,677,000	43.28%
Metro Success	<i>(note a)</i>	117,677,000	43.28%
Skyblue	<i>(note a)</i>	117,677,000	43.28%
The Seven International Holdings (L) Limited (“SIHL”)	<i>(note b)</i>	14,850,000	5.46%
The Seven Capital Limited (“SCL”)	<i>(note b)</i>	14,850,000	5.46%

Notes:

- (a) As at the Latest Practicable Date, a total of 117,677,000 shares were held by Skyblue, a wholly owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by the Trustee as trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Vincent Wong. The entire issued share capital of JETSUN is owned by the Trustee. Mr. Wong is the settlor of The JetSun Trust and Mr. Vincent Wong, Ms. Ng, Ms. Maya Wong, Ms. Vivian Wong and Ms. Cecilia Wong, are the beneficiaries of The JetSun Trust.
- (b) As at the Latest Practicable Date, a total of 14,850,000 shares were held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of the Trustee.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director and the Chief Executive Officer) having an interest or a short position in the Shares and/or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at the Latest Practicable Date.

2. EXPERTS

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

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

- (b) To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, none of the aforesaid experts had any shareholding in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, each of the aforesaid experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or valuation report dated 17 July 2020 and 12 May 2020 respectively (as the case may be) and/or any statements made therein (which were made by the relevant expert for incorporation into this circular) and references to its name in the form and context in which they are included.
- (d) To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, none of the aforesaid experts had any interest (direct or indirect) in any assets which had been, since 31 March 2020 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

3. 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 31 March 2020 (the date to which the latest audited financial statements of the Group were made up) up to the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors has service contract with any member of the Group which is not expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS/ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, Ms. Ng, Mr. Vincent Wong, Ms. Maya Wong and Ms. Vivian Wong, all being Executive Directors, were indirectly interested in the Original Minibus Leasing Agreement entered into between the Lessee as lessee and the Owners as lessors. The lessors are beneficially owned and controlled by the major Shareholders, the Wong Family. The consideration, net of administration fee of HK\$700 per minibus per month, paid by the Owners to the Lessee for the period from 1 April 2020 to the Latest Practicable Date was HK\$19,046,000.

Save as disclosed above, as at the Latest Practicable Date: (i) none of the Directors had any direct or indirect interest in any assets acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2020, the date to which the latest published audited consolidated financial statements of the Group were made up; and (ii) there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as at the Latest Practicable Date.

6. COMPETING INTERESTS

The Directors are not aware that any Director or any proposed Director or his respective close associates had, as at the Latest Practicable Date, any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules.

7. GENERAL

- (a) The share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited of Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (b) As at the Latest Practicable Date, the Board comprised Mr. Vincent Wong, Ms. Ng, Mr. Chan Man Chun and Ms. Maya Wong as Executive Directors, Ms. Vivian Wong as Non-Executive Director and Dr. Chan Yuen Tak Fai, Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong as Independent Non-Executive Directors.
- (c) The secretary of the Company is Ms. Wong Ka Yan. Ms. Wong Ka Yan is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Original Minibus Leasing Agreement, which is also the contract referred to in paragraph 5 of this Appendix;
- (b) the New Minibus Leasing Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in Appendix III of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in Appendix IV of this circular; and
- (e) the written consent of the experts referred to in paragraph 2 of this Appendix.



AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

NOTICE IS HEREBY GIVEN that an annual general meeting (“AGM”) of AMS Public Transport Holdings Limited (“Company”) will be held at Rooms 1301–1305, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong on 28 August 2020, Friday at 3: 00 p.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements and the reports of the directors (“Directors”) and auditors of the Company and its subsidiaries for the year ended 31 March 2020;
2. To declare a special dividend for the year ended 31 March 2020.^{Note 4}
3.
 - (a) To re-elect Mr. Wong Ling Sun, Vincent as Executive Director;
 - (b) To re-elect Ms. Ng Sui Chun as Executive Director;
 - (c) To re-elect Mr. Kwong Ki Chi as Independent Non-Executive Director;
 - (d) To re-elect Mr. James Mathew Fong as Independent Non-Executive Director;
 - (e) To authorise the board of Directors to fix their remuneration for the ensuing year;
4. To re-appoint the retiring auditors and authorise the board of Directors to fix their remuneration;
5. To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolutions:
 - (A) **“THAT:**
 - (1) a general mandate be and is hereby unconditionally given to the board of Directors of the Company during the Relevant Period (as defined below) to issue, allot or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power (“Issue Mandate”), subject to the following conditions:
 - (a) the Issue Mandate shall not extend beyond the Relevant Period save that the board of Directors of the Company may during the

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Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and

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

- (2) for the purpose of this resolution:

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

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

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

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(B) **“THAT:**

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

- (a) the exercise of all powers pursuant to the Repurchase Mandate shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other applicable stock exchange; and
- (b) the aggregate nominal amount of shares in the share capital of the Company which may be purchased pursuant to the Repurchase Mandate shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.

(2) for the purpose of this resolution:

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

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

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

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6. To consider and, if thought fit, to pass that the agreement (“New Minibus Leasing Agreement”) dated 26 June 2020 and conditionally entered into between Maxson Transportation Limited, Hong Kong & China Transportation Consultants Limited and Big Three Limited as owners and Gurnard Holdings Limited (a wholly-owned subsidiary of the Company) as lessee in relation to, among other things, the leasing of public light buses for a term of 3 years from 1 October 2020 to 30 September 2023 (both days inclusive), a copy of which has been produced to the meeting marked “A” and has been initiated by the Chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved and that any one Director of the Company be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such other documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company’s seal to the relevant documents) to carry into effect or to give effect to the New Minibus Leasing Agreement and all transactions contemplated thereunder, including such changes and amendments thereto as such Director may consider necessary, desirable or expedient; and

7. To consider and, if thought fit, to pass that the New Annual Caps (such term shall have the meaning as defined in the circular to the shareholders of the Company dated 17 July 2020) be and is hereby approved and that any one Director be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such documents which in his/her opinion may be necessary, desirable or expedient (which include without limitation, if necessary, affixing the Company’s seal to the relevant documents) in connection therewith.”

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

Hong Kong, 17 July 2020

Notes:

- (1) A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies (if the member holds two or more shares) to attend and vote in his stead. A proxy need not be a member of the Company.

- (2) To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power or authority must be deposited at the Company’s Hong Kong share registrar and transfer office (the “Registrar”), Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude a member from attending in person and voting at the AGM if the member so desires. In order to lower the risk of spread of COVID-19, the Company encourages the Shareholders to consider appointing the chairman of the AGM as his/her proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

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- (3) For the purposes of determining members' eligibility to attend, speak and vote at the AGM (or at any adjournment of it), and entitlement to the special dividend, the register of members of the Company will be closed as set out below:

- (i) For determining eligibility to attend, speak and vote at the AGM:

Latest time to lodge transfer documents for registration
with the Company's Registrar At 4: 00 p.m. on
Friday, 21 August 2020

Closure of register of members Monday, 24 August 2020 to
Friday, 28 August 2020
(both dates inclusive)

Record date Friday, 28 August 2020

- (ii) For determining entitlement to the special dividend:

Latest time to lodge transfer documents for registration
with the Company's Registrar At 4: 00 p.m. on
Tuesday, 8 September 2020

Closure of register of members Wednesday, 9 September 2020 to
Friday, 11 September 2020
(both days inclusive)

Record date Friday, 11 September 2020

During the above closure periods, no transfer of shares will be registered. To be eligible to attend, speak and vote at the AGM (or at any adjournment of it), and to qualify for the special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar, Union Registrars Limited at Suites 3301-04, 33/E., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than the aforementioned latest time.

- (4) If approved, cheques for the special dividend will be payable on Wednesday, 16 September 2020. No final dividend has been declared for the year ended 31 March 2020.
- (5) As at the date of this notice, the Executive Directors of the Company are Mr. Wong Ling Sun, Vincent (Chairman), Ms. Ng Sui Chun, Mr. Chan Man Chun (Chief Executive Officer) & Ms. Wong Wai Sum, Maya, and the Non-Executive Director is Ms. Wong Wai Man, Vivian, the Independent Non-Executive Directors are Dr. Chan Yuen Tak Fai, Dorothy, Mr. Kwong Ki Chi and Mr. James Mathew Fong.