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AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

DISCLOSEABLE TRANSACTION FINANCE LEASES ARRANGEMENT

The Board is pleased to announce that, for the purpose of financing the Group's acquisition of certain new PLB Licences and PLBs to expand its fleet size, CML (a wholly owned subsidiary of the Company) terminated the Original HP Agreements and entered into the Latest HP Agreements with Hang Seng Bank. As a result of the refinancing arrangement, CML has received in aggregate net cash proceeds of approximately HK\$12,711,000 from Hang Seng Bank.

As CML has early repaid the outstanding hire purchase balance under the Original HP Agreements thereby terminating the same and entered into the Latest HP Agreements with Hang Seng Bank within the past 12 months from 31 May 2015 to 30 May 2016, all the transactions pertaining to the termination of the Original HP Agreements and the entering into of the Latest HP Agreements shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. Since the early repayment amount under the Original HP Agreements and the hire purchase price under the Latest HP Agreements in total amount to approximately HK\$38,349,000, the transactions contemplated thereunder on an aggregate basis constitute a discloseable transaction of the Group as certain relevant percentage ratios exceed 5% but all of them are below 25% and is subject to the reporting and announcement requirements under Rule 14.33 of the Listing Rules.

TERMINATION OF THE ORIGINAL HP AGREEMENTS

CML entered into the Original HP Agreements with Hang Seng Bank on 6 April 2004 to hire four PLB Licences and the four corresponding PLBs on finance leases for the Group's operational purpose. In order to finance the Group's acquisition of certain new PLB Licences and PLBs from various independent third parties to expand its fleet size, CML terminated the Original HP Agreements on 30 May 2016 and entered into the Latest HP Agreements. CML redeemed the four PLB Licences and the four corresponding PLBs and terminated the Original HP Agreements by early repaying the total outstanding balance and paying the option fees and additional early redemption fees in total amounting to HK\$7,389,000 pursuant to the terms of the Original HP Agreements. The early repayment was funded by the sum advanced by Hang Seng Bank under the Latest HP Agreements.

ENTERING INTO THE LATEST HP AGREEMENTS

Dates of the Latest HP Agreements

30 March 2016 (in respect of the first Latest HP Agreement) and 30 May 2016 (in respect of the other four Latest HP Agreements)

Parties

- (1) CML as hirer; and
- (2) Hang Seng Bank as owner.

Subject Assets under the Latest HP Agreements

The subject assets under the Latest HP Agreements are five PLB Licences and the five corresponding PLBs (“Subject Assets”), of which four of the PLB Licences and the four corresponding PLBs were the subject assets under the Original HP Agreements. CML sold the Subject Assets to Hang Seng Bank at an aggregate purchase consideration of HK\$25,355,000 (“Purchase Consideration”), which was determined after arm’s length negotiations between the parties having regard to the market value of the Subject Assets. Hang Seng Bank then leases back the Subject Assets to CML for use on and subject to the terms and conditions of the Latest HP Agreements. The total book value of the Subject Assets is HK\$25,550,000 as at the date of this announcement. For the years ended 31 March 2015 and 2016, the net profits before taxation and extraordinary items attributable to the Subject Assets were approximately HK\$1,085,000 and HK\$1,015,000 respectively, and the net profits after taxation and extraordinary items attributable to the Subject Assets were approximately HK\$908,000 and HK\$852,000 respectively.

Hire purchase price and the hiring terms

Under the Latest HP Agreements, the aggregate hire purchase price payable by CML is approximately HK\$30,960,000, comprising the Purchase Consideration of HK\$25,355,000 and the aggregate hire charges of approximately HK\$5,605,000 (subject to adjustment as explained below), payable in 300 monthly instalments in 25 years, which shall be the hire period. The hire charges denote interest on the principal advanced by Hang Seng Bank calculated at the rate equivalent to Hong Kong dollar prime rate minus 2.95% per annum, which is, as at the date of this announcement, equivalent to 2.05% per annum under the prevailing prime rate fixed by Hang Seng Bank.

After entering into the Latest HP Agreements, CML could receive an aggregate actual sum advanced by Hang Seng Bank of HK\$20,100,000, of which approximately HK\$7,389,000 has been used for early repaying the outstanding balance under the Original HP Agreements. Therefore, the net cash received by CML after the completion of the above refinancing arrangement is approximately HK\$12,711,000, which would be used for financing the acquisition of certain new PLB Licences and PLBs to expand the Group's fleet size.

After entering into the Latest HP Agreements, in substance, CML retains all the risks and rewards incident to ownership of the Subject Assets and enjoys substantially the same rights to their use as before the financing arrangement. Therefore, from the accounting prospective, the

arrangement under the Latest HP Agreements will be recognised and booked as bank borrowings from Hang Seng Bank instead of finance leases in the financial statements of CML.

Ownership of the Subject Assets

Ownership of the Subject Assets during the hire period shall vest in Hang Seng Bank. Upon expiry of the hire period and subject to the full payment of the entire amount of the hire purchase price and other fees and expenses under the Latest HP Agreements, CML is eligible to redeem the Subject Assets at a nominal purchase price of HK\$100 each.

Corporate Guarantee

The Company has provided a corporate guarantee to Hang Seng Bank to secure the obligations of CML under the Latest HP Agreements. The Directors are of the view that such guarantee is made for the benefit of the Group on normal commercial terms. No security over the assets of the Company or other security is given or required as part of or in connection with the Latest HP Agreements.

PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP

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

INFORMATION OF HANG SENG BANK

Hang Seng Bank and its subsidiaries are principally engaged in the provision of banking and related financial services in Hong Kong. Hang Seng Bank is listed on the main board of the Stock Exchange. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hang Seng Bank and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board considers that the above finance leases arrangement would enable the Group to obtain additional working capital for the development of the Group's principal business by acquiring new PLB Licences and PLBs to expand its fleet size and maximise the Group's financial resources by refinancing certain of its existing financial indebtedness. The Directors consider that (i) the termination of the Original HP Agreements in the manner aforesaid, (ii) the entering into of the Latest HP Agreements and the terms thereof, and (iii) the provision of the corporate guarantee by the Company as aforesaid and the terms thereof are all fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the Original HP Agreements, the Latest HP Agreements or the said corporate guarantee or is required to abstain from voting on the Board resolutions for considering and approving the early termination of the Original HP Agreements and the entering into of the Latest HP Agreements and the said corporate guarantee.

IMPLICATIONS UNDER THE LISTING RULES

As CML has early repaid the outstanding hire purchase balance under the Original HP Agreements thereby terminating the same and entered into the Latest HP Agreements with Hang Seng Bank within the past 12 months from 31 May 2015 to 30 May 2016, all the transactions pertaining to the termination of the Original HP Agreements and the entering into of the Latest HP Agreements shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. Since the early repayment amount under the Original HP Agreements and the hire purchase price under the Latest HP Agreements in total amount to approximately HK\$38,349,000, the transactions contemplated thereunder on an aggregate basis constitute a discloseable transaction of the Group as certain relevant percentage ratios exceed 5% but all of them are below 25% and is subject to the reporting and announcement requirements under Rule 14.33 of the Listing Rules.

DEFINITIONS

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

“ Board ”	the board of Directors;
“ CML ”	Central Maxicab Limited (中環專線小巴有限公司), a limited liability company incorporated in Hong Kong with company number 536899 which is wholly owned by the Company;
“ Company ”	AMS Public Transport Holdings Limited (進智公共交通控股有限公司), a company incorporated in the Cayman Islands with limited liability, which issued shares are listed on the Stock Exchange;
“ Director(s) ”	director(s) of the Company;
“ Group ”	the Company together with its subsidiaries;
“ HK\$ ”	Hong Kong dollars, the lawful currency of Hong Kong;
“ Hang Seng Bank ”	Hang Seng Bank Limited, whose issued shares are listed on the main board of Stock Exchange;
“ Hong Kong ”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“ Latest HP Agreements ”	the five hire purchase agreements respectively dated 30 March 2016 (in respect of one of them) and 30 May 2016 (in respect of the remaining four) entered into between CML and Hang Seng Bank in relation to the hire purchase arrangement of five PLB Licences and the five corresponding PLBs respectively;
“ Listing Rule ”	the Rules Governing the Listing of Securities on the Stock Exchange;
“ Original HP Agreements ”	the four hire purchase agreements dated 6 April 2004 entered into between CML and Hang Seng Bank in relation to the hire purchase arrangement of four PLB Licences and the four corresponding PLBs;
“ PLB(s) ”	public light bus(es) being minibus(es) that is/are licensed to carry a maximum of 16 passengers in Hong Kong;
“ PLB Licences ”	the public light bus licences;
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ % ”	per cent.

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

Hong Kong, 30 May 2016

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

Executive Directors

Mr. Wong Ling Sun, Vincent (*Chairman*)

Mr. Wong Man Kit (*Honorary chairman*)

Ms. Ng Sui Chun

Mr. Chan Man Chun (*Chief Executive Officer*)

Ms. Wong Wai Sum, May

Independent Non-Executive Directors

Dr. Lee Peng Fei, Allen

Dr. Chan Yuen Tak Fai, Dorothy

Mr. Kwong Ki Chi