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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)

CONTINUING CONNECTED TRANSACTIONS AMENDMENT TO THE MINIBUS LEASING AGREEMENT

Reference is made to the Announcement dated 29 June 2017 (“**Announcement**”) and the Circular dated 19 July 2017 (“**Circular**”) in relation to, among others, the Minibus Leasing Agreement entered into between the Owners and the Lessee with a view to renewing the leasing arrangements for another term of 3 years running from 1 October 2017 to 30 September 2020. Capitalised terms used herein shall have the same meanings as defined in the Announcement and Circular unless the context herein requires otherwise.

AMENDMENT TO THE MINIBUS LEASING AGREEMENT

Pursuant to the Minibus Leasing Agreement, the Owners and the Lessee agreed that (i) in case of a change in the laws in Hong Kong resulting in an increase in the permitted number of passengers in PLBs, the Owners and the Lessee shall promptly negotiate in good faith regarding the arrangement for installation of additional seats and any related refitting to the PLBs so that the maximum carrying capacity can be achieved, and the costs of such installation shall be borne solely by the relevant Owners; and (ii) within twelve months from the date on which such change in laws shall take effect, or six months from the date on which such installation of additional seats and related refitting to the first batch of PLBs are completed after such change in laws has taken effect (whichever is the earlier), the Lessee and the Owners shall jointly appoint an independent valuer at the cost of the Lessee to assess the prevailing market rentals for the PLBs as refitted by the Owners and the Benchmark Table shall be adjusted according to such prevailing market rentals as assessed by the independent valuer, whose decision shall be final and conclusive. The Benchmark Table as adjusted shall apply with retrospective effect from the first day on which the PLBs with such additional seats and related refitting installed are available for use by the Lessee.

The new law for increasing the maximum passenger seating capacity of minibuses from 16 to 19 came into effect on 7 July 2017. The Lessee first deployed 19-seater PLB on 9 August 2017. Since currently in the market the number of available 19-seater PLBs is small as compared with the traditional 16-seater PLBs (NB: the number of 19-seater PLBs was only 384 (i.e. representing less than one-tenth), out of the total 4,350 PLBs in Hong Kong as at 2 March 2018 based on the information provided by the Transport Department), the transaction volume

in the rental market in respect of 19-seater PLBs is limited. The Owners and the Lessee considered that it would be more meaningful to carry out the market rental valuation later at a time when 19-seater PLBs become more prevalent thereby providing more supporting market rental data on a larger scale. Therefore, the Owners and the Lessee have entered into a Supplemental Agreement to the Minibus Leasing Agreement on 9 April 2018 (“**Supplemental Agreement**”) to agree that (i) the daily rentals for 16-seater PLBs, which are determined by reference to the vehicle age, stipulated in the Benchmark Table shall apply to the 19-seater PLBs until 31 December 2018; and (ii) the Owners and the Lessee shall jointly appoint an independent valuer in December 2018 at the cost of the Lessee to assess the prevailing market rentals for the 19-seater PLBs, whose decision shall be final and conclusive and binding on the Owners and Lessee. The Benchmark Table shall be adjusted vis-à-vis 19-seater PLBs according to such prevailing market rentals as assessed by the independent valuer with effect from 1 January 2019. For the avoidance of doubt, the Benchmark Table as adjusted in the foregoing manner shall apply prospectively with effect from 1 January 2019.

In other words, by virtue of the Supplemental Agreement, the daily rentals for the 19-seater PLBs shall remain at the same level as those for 16-seater PLBs until 31 December 2018. As at the date of this announcement, the Lessee leases 47 19-seater PLBs from the Owners.

The terms of the Supplemental Agreement have been approved by the Board and the Board (including all independent non-executive directors of the Company) are of the view that (i) the terms of the Supplemental Agreement do not constitute a material change to the terms of the Minibus Leasing Agreement, and they are fair and reasonable; (ii) the transactions thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the entering into of the Supplemental Agreement and the transactions thereunder are in the interests of the Group and the Shareholders as a whole. Given the aforesaid postponement of adjustment of daily rentals for the 19-seater PLBs, as at the date of this announcement, the New Annual Cap as originally approved by the independent Shareholders at the annual general meeting of the Company held on 29 August 2017 is not expected to be exceeded.

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

Hong Kong, 9 April 2018

Executive Directors

Mr. Wong Ling Sun, Vincent (Chairman)

Ms. Ng Sui Chun

Mr. Chan Man Chun (Chief Executive Officer)

Ms. Wong Wai Sum, May

Non-Executive Director

Ms. Wong Wai Man, Vivian

Independent Non-Executive Directors

Dr. Lee Peng Fei, Allen

Dr. Chan Yuen Tak Fai, Dorothy

Mr. Kwong Ki Chi