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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)

MAJOR TRANSACTION RESUMPTION OF TRADING

The Board is pleased to announce that on 9 January 2006, the Purchaser entered into the Share Transfer Agreement with the Vendors for the acquisition of the Sale Shares representing 80% of the entire issued share capital of Chinalink together with the Shareholders' Loans at a total consideration of HK\$120,000,200. Completion is subject to fulfillment of certain conditions precedent. To the best knowledge, information and belief of the Directors having made all reasonable enquires, each of the Vendors and their respective ultimate beneficial owners are third parties independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

As the applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no shareholder of the Company is required to abstain from voting if the Company were to convene a meeting to approve the Acquisition, the Company has obtained written approval from the Controlling Shareholder, which holds 64.21% of the issued share capital of the Company, in lieu of holding a general meeting of the Company to approve the Share Transfer Agreement and the transactions contemplated thereunder pursuant to Rule 14.44(2) of the Listing Rules.

A circular containing, inter alia, further information on the Acquisition will be despatched to the shareholders of the Company as soon as possible in accordance with the requirements of the Listing Rules.

At the request of the Company, the trading of the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 9 January 2006 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading of the shares of the Company with effect from 9:30 a.m. on 11 January 2006.

THE ACQUISITION

The Share Transfer Agreement

Date

9 January 2006

Parties

Vendors : Praise Capital and Excel Strategy

Purchaser : The Company or its subsidiary

To the best knowledge, information and belief of the Directors having made all reasonable enquires, each of the Vendors and their respective ultimate beneficial owners are third parties independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Assets to be acquired

Under the Share Transfer Agreement, the Vendors have agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 80% of the entire issued share capital of Chinalink, together with the Shareholders' Loans.

Consideration

The consideration for the sale and purchase of the Sale Interests is HK\$120,000,200, of which the total sum of HK\$50,000,000 will be paid by the Purchaser to the Vendors three days after the date of signing of the Share Transfer Agreement as deposit. The remaining HK\$70,000,200 will be paid by the Purchaser to the Vendors three days after the Completion Date. The aforesaid consideration was determined after arm's length negotiations between the Vendors and Purchaser by reference to 6 times of the estimated net profits before taxation of Chinalink for the year ended 31 December 2005.

The Directors consider that the consideration is fair and reasonable so far as the Company and its shareholders are concerned.

Completion

Completion of the Share Transfer Agreement is conditional upon:

- (i) the shareholders of Chinalink waiving their respective pre-emptive right;
- (ii) the auditors appointed by the Purchaser confirming that there is no material difference in the profit before tax contained in the Management Accounts and the Audited Accounts;
- (iii) the ratification and/or approval of the Share Transfer Agreement and the transactions contemplated thereunder by the Board and the shareholders of the Company;
- (iv) complying with all requirements of the Stock Exchange and the Listing Rules applicable to the transactions under the Share Transfer Agreement; and
- (v) the Purchaser being reasonably satisfied with the results of the due diligence review on Chinalink and its subsidiaries and associated companies (including legal, financial and other aspects).

The Purchaser may waive any of the above conditions precedent. However, the Company currently has no such intention.

Completion shall take place on the Completion Date. Mr. Chan has unconditionally and irrevocably waived the pre-emptive right over the Acquisition.

THE SHAREHOLDERS' AGREEMENT

The Company and Mr. Chan have entered into the Shareholders' Agreement on 9 January to set out the rights and obligations of the shareholders of Chinalink, which include, inter alia:–

- (1) The Company has agreed to grant an option to Mr. Chan pursuant to which Mr. Chan may exercise his right to purchase from the Company its 10% shareholding in Chinalink within 10 years from the date of signing of the Shareholders' Agreement at a price of HK\$15,000,000 (which was determined by reference to 6 times of the estimated net profits of Chinalink for the year ended 31 December 2005);
- (2) Any transfer of shares of Chinalink requires unanimous consent of the members of the board of Chinalink and the existing shareholders of Chinalink have the pre-emptive right to acquire such shares;
- (3) Any amendments to the articles of association of Chinalink require the consents of both the Company and Mr. Chan or unanimous consent of the members of the board of Chinalink; and
- (4) In the event that Mr. Chan passes away, becomes bankrupt or insane, Mr. Chan or his heir has the right to sell to the Company his shares in Chinalink at a consideration based on the net asset value of Chinalink or 6 times of the net profits of Chinalink (whichever is the higher) at that time.

To the best knowledge, information and belief of the Directors having made all reasonable enquires, Mr. Chan is independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

The Shareholders' Agreement shall take effect on the date the Company legally holds 80% shareholding in Chinalink.

INFORMATION ABOUT CHINALINK

Chinalink is principally engaged in the provision of cross-border coach services between Hong Kong and Guangdong province. It provides cross-border coach services between Huanggang and Tsuen Wan and also runs other longer journey coach services between Guangzhou, Foshan and Pearl River Delta areas and Hong Kong, which targets on the Mainland visitors under the Individual Visit Scheme. It also provides cross-border coach rental services for tour purposes. Chinalink currently owns 56 coaches which are its major assets.

The net asset value of Chinalink as at 31st December 2004 and 31 October 2005 amounted to HK\$38,241,259 and HK\$57,396,619 respectively as contained in the Audited Accounts and the Management Accounts.

The profits before taxation of Chinalink for the period from the date of its incorporation (5 December 2003) and to 31 December 2004 (as contained in the Audited Accounts) and for the period from 1 January 2005 to 31 October 2005 (as contained in the Management Accounts) were approximately HK\$3,198,344 and HK\$19,155,360 respectively. The profits after taxation and extraordinary items of Chinalink for the period from the date of its incorporation (5 December 2003) and to 31 December 2004 (as contained in the Audited Accounts) and for the period from 1 January 2005 to 31 October 2005 (as contained in the Management Accounts) were approximately HK\$3,241,259 and HK\$16,822,026 respectively.

Chinalink will become a subsidiary of the Company upon Completion. One of the two existing directors of Chinalink will resign and the Company will appoint three additional directors to the board of Chinalink.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the operation of green minibus routes and the provision of public light bus related services in Hong Kong. Chinalink is principally engaged in the provision of cross-border coach services between Hong Kong and Guangdong province. The Directors believe that the Acquisition will enable the Company to expand its operation to other road transportation business in order to maximise the shareholders' benefits. With the closer social and commercial relationship between the Mainland and Hong Kong and the further extension in the Individual Visit Scheme for Mainland residents, there is an increasing demand in the cross-border road transportation service. The Directors consider this as a favourable business opportunity to Chinalink and thus, they are of a view that Acquisition is in the interest of the Company.

The Directors consider that the Acquisition is in the interests of the Company and its shareholders as a whole and the terms of the Share Transfer Agreement are fair and reasonable.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no shareholder of the Company is required to abstain from voting if the Company were to convene a meeting to approve the Acquisition, the Company has obtained written approval from the Controlling Shareholder, which holds 64.21% of the issued share capital of the Company in lieu of holding a general meeting of the Company to approve the Share Transfer Agreement and the transactions contemplated thereunder pursuant to Rule 14.44(2) of the Listing Rules.

A circular containing, inter alia, further information on the Acquisition will be despatched to the shareholders of the Company as soon as possible in accordance with the requirements of the Listing Rules.

At the request of the Company, the trading of the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 9 January 2006 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading of the shares of the Company with effect from 9:30 a.m. on 11 January 2006.

GENERAL

The Company is an investment holding company. Its subsidiaries are mainly engaged in the operation of green minibus routes and the provision of public light bus related services in Hong Kong.

The Vendors are investment holding companies. Their principal assets are the Sale Shares.

DEFINITIONS

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| “Acquisition” | the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement |
| “Audited Accounts” | the audited accounts of Chinalink comprising its consolidated balance sheet as at 31 December 2004 and its consolidated profit and loss accounts for the period from the date of its incorporation (5 December 2003) and to 31 December 2004 previously provided by the Vendors to the Purchaser for review |
| “Board” | the board of Directors |
| “BVI” | British Virgin Islands |
| “Controlling Shareholder” | Skyblue Group Limited, a company incorporated in BVI, which owns 64.21% of the entire issued share capital of the Company |
| “Chinalink” | Chinalink Express Holdings Limited, a company incorporated in Hong Kong, beneficially owned as to 50%, 30% and 20% by Praise Capital International Limited, Excel Strategy Limited and Mr. Chan respectively, and where the context so requires, including its subsidiaries |
| “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 |
| “Completion” | completion of the Share Transfer Agreement |
| “Completion Date” | 31 May 2006 or such date as may be agreed by the Purchaser and the Vendors, whichever is the earlier |
| “Directors” | the directors of the Company |
| “Excel Strategy” | Excel Strategy Limited, a company incorporated in BVI, one of the Vendors, which owns 30% equity interest in Chinalink |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administration Region of the PRC |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Management Accounts” | the unaudited consolidated balance sheet of Chinalink as at 31 October 2005 and the unaudited consolidated profit and loss accounts of Chinalink for the period from 1 January 2005 to 31 October 2005 previously provided by the Vendors to the Purchaser for review |
| “Mr. Chan” | Chan Chung Yee, Alan, one of the shareholders of Chinalink, beneficially interested in 20% equity interest in Chinalink |
| “Praise Capital” | Praise Capital International Limited, a company incorporated in BVI, one of the Vendors, which owns 50% equity interest in Chinalink |
| “Purchaser” | the Company or its subsidiary |

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| “Sale Interests” | Sale Shares and Shareholders’ Loans |
| “Sale Shares” | 28,000,000 ordinary shares of HK\$1 each in the issued share capital of Chinalink, representing 80% of the entire issued share capital of Chinalink, of which 17,500,000 shares and 10,500,000 shares are to be sold by Praise Capital and Excel Strategy respectively to the Purchaser pursuant to the Share Transfer Agreement |
| “Share Transfer Agreement” | the Share Transfer Agreement dated 9 January 2006 entered into between the Vendor and the Purchaser in relation to the Acquisition |
| “Shareholders’ Agreement” | the shareholders’ agreement between the Company and Chan Chung Yee, Alan dated 9 January 2006 setting out the rights and obligations of the shareholders of Chinalink |
| “Shareholders’ Loans” | the shareholders’ loans owing by Chinalink to the Vendors as at the Completion Date (if any) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendors” | Praise Capital and Excel Strategy |

By Order of the Board
Wong Man Kit
Chairman

Hong Kong, 10 January 2006

The directors of the Company as at the date of this announcement are as follows:–

Executive Directors:

Mr. Wong Man Kit, Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Mr. Chan Man Chun

Independent Non-executive Directors:

Dr. Lee Peng Fei, Allen, Dr. Leung Chi Keung and Mr. Lam Wai Keung

“Please also refer to the published version of this announcement in The Standard.”