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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)

MINIBUS LEASING AGREEMENT

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the sub-section headed “Continuing connected transactions” under the section headed “Business” of the Prospectus in relation to, among other things, the Original Minibus Leasing Agreement.

The Group has been deploying the PLBs leased from the Owners and the Original Minibus Leasing Agreement was entered into between the Owners and the Lessee to formalise the leasing arrangements on 22 March 2004 which took effect on 1 April 2003 and shall continue until 31 March 2006.

As the Original Minibus Leasing Agreement will soon expire, the Owners and the Lessee entered into the New Minibus Leasing Agreement on 8 February 2006 based on the terms and conditions of the Original Minibus Leasing Agreement with a view to renew the leasing arrangements for the three years from 1 April 2006 to 31 March 2009.

The transactions under the New Minibus Leasing Agreement constitute non-exempt continuing connected transactions of the Company pursuant to the Listing Rules. Accordingly, the New Minibus Leasing Agreement and the New Annual Cap are subject to reporting, announcement and the approval of independent Shareholders at the EGM.

An independent board committee comprising the independent non-executive Directors will be appointed to consider the terms and conditions of the New Minibus Leasing Agreement and the New Annual Cap and an independent financial adviser will be appointed to advise the independent board committee of the Company and the independent Shareholders on the same. A circular containing, among other things, further details of the New Minibus Leasing Agreement and the New Annual Cap, letters from the independent board committee and the independent financial adviser and a notice for convening the EGM to approve the New Minibus Leasing Agreement and the New Annual Cap will be sent to the Shareholders as soon as practicable after the date of publication of this announcement.

INTRODUCTION

Reference is made to the sub-section headed “Continuing connected transactions” under the section headed “Business” of the Prospectus in relation to, among other things, the Original Minibus Leasing Agreement.

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DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

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

Date: 8 February 2006

Parties: (i) Maxson
(ii) Glory Success
(iii) HKCT
(Maxson, Glory Success and HKCT, together, the “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 April 2006 to 31 March 2009, both days inclusive.

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 in accordance with the following benchmark table (the “**Benchmark Table**”):

Class	Age	Daily rental (inclusive of vehicle license fees and third party risks insurance premium)	Daily rental (inclusive of vehicle license fees and third party risks insurance premium) payable under the Original Minibus Leasing Agreement
1	Under 2 years	HK\$740	HK\$740
2	Over 2 years but within 5 years	HK\$630	HK\$630
3	Over 5 years but within 7 years	HK\$480	HK\$480
4	Over 7 years	HK\$460	HK\$460

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 3-year term and will be reviewed upon the renewal of the New Minibus Leasing Agreement. Upon request of the independent non-executive Directors for an annual review of the daily rental payable by the Lessee under the Benchmark Table or upon the renewal of the New Minibus Leasing Agreement, 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 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.

Additional seats: In case of a change in the laws in Hong Kong resulting in an increase in the permitted number of passenger in PLBs, the Owners have agreed, at their own cost, to arrange for installation of additional seats and any related refitting to the PLBs so that the maximum carrying capacity can be achieved, and the Benchmark Table will be revised according to the then prevailing market rentals at that time.

Number of PLBs: 251 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 Buses subject to lease under the New Minibus Leasing Agreement up to an aggregate of 301 upon request of the Lessee.

(note: as at the date hereof, there are 251 PLBs leased by the Owners to the Lessee under the Original Minibus Leasing Agreement)

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 PLB or it has failed to give the Owners a reply notice indicating whether it would purchase the PLBs, the Owner may sell the PLB to the third party purchaser. Each of the Owners has undertaken that, in such case, it will only sell or dispose of the PLB 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 taking out and maintaining 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 the fees and expenses by the Owners. In consideration of such services, the Owners shall pay to the Lessee a monthly administrative fee (the “**Monthly Administrative Fee**”) of HK\$700 per PLB. Such fee shall be deducted from the rentals for the PLBs.

The Lessee will 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, the 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 petrol and lubricants for the proper running of the PLBs.

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 on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. The transactions under the New Minibus Leasing Agreement are in the ordinary and usual course of business of the Group.

REASONS FOR THE NEW MINIBUS LEASING AGREEMENT

As disclosed in the Prospectus, the Directors consider that the use of more leased PLBs for use as Green Minibus will strengthen the Group’s role as a Green Minibus routes operator instead of as an investor in PLB 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 operations and will therefore be in the best interests of the Group and the Shareholders as a whole.

ORIGINAL ANNUAL CAP

The original annual cap for the amount payable by The Lessee to the Owners under the Original Minibus Leasing Agreement is HK\$60,000,000 for each of the three financial years ending 31 March 2006.

The actual annual rentals payable by the Lessee to the Owners for the two financial years ended 31 March 2005, after deduction of Monthly Administration Fee of HK\$700 per PLB, are approximately HK\$41,231,000 and HK\$44,935,000 respectively. Based on the actual amount payable by the Lessee to the Owners for the ten months from 1 April 2005 to 31 January 2006 of approximately HK\$41,867,000, the expected annual rentals payable by the Lessee to the Owners for the financial year ending 31 March 2006 is approximately HK\$50,187,000.

NEW ANNUAL CAP

The Directors estimate that the annual rentals payable by the Lessee to the Owners for each of the three financial years ending 31 March 2009 under the New Minibus Leasing Agreement will not exceed HK\$70,000,000. This has been arrived at by reference to the daily rentals of the PLBs payable in accordance with the Benchmark Table, the expected growth in the fleet size and demand of leased PLBs and the actual rentals paid by the Group under the Original Minibus Lease Agreement since 31 March 2003. The Directors consider that a 10% buffer on this estimated amount of annual rentals of the PLBs payable by the Group is necessary as it provides flexibility for the Group to meet unexpected circumstances, including the replacement of older PLBs by new PLBs and any possible adjustment to the market rentals payable by the Group 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. Having taken into account of the 10% buffer, the Directors expect that the annual rentals payable by the Lessee to the Owners under the New Minibus Leasing Agreement for each of the three financial years ending 31 March 2009, before deduction of Monthly Administration Fee of HK\$700 per PLB, will not exceed HK\$77,000,000. After deduction of Monthly Administration Fee of HK\$700 per PLB, the Directors estimate that the annual rentals payable under the New Minibus Leasing Agreement will not exceed HK\$74,000,000 for each of the three financial years ending 31 March 2009 (“**New Annual Cap**”).

INFORMATION ON THE GROUP AND THE OWNERS AND LISTING RULES IMPLICATIONS

The Group is principally engaged in the operation of green minibus routes and the provision of PLB related services in Hong Kong. The Owners are investment holding companies.

Glory Success is owned as to 50% by Mr. Wong and 30% by Mr. Vincent Wong (and the remaining 20% by Ms. Ng). Mr. Wong, Mr. Vincent Wong and Ms. Ng are Directors and thus connected persons of the Company. According to the Listing Rules, Glory Success is an associate of Mr. Wong, Mr. Vincent Wong and Ms. Ng and thus also a connected person of the Company.

Maxson and HKCT are both owned as to 60% by Metro Success and 40% by Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong (as to 10%, 15%, 5%, 5% and 5% respectively). 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 members of the Wong Family (excluding Mr. Wong). Since both Mr. Vincent Wong and Ms. Ng, who are 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.

In light of the aforesaid, the transactions between the Owners (i.e. Glory Success, Maxson and HKCT) and Gurnard (as a wholly-owned subsidiary of the Company) under the New Minibus Leasing Agreement constitute continuing connected transactions of the Company. As the relevant percentage ratios of the New Annual Cap are higher than the thresholds set out in Rule 14A.34 of the Listing Rules, the transactions under the New Minibus Leasing Agreement and the New Annual Cap are subject to reporting and announcement requirements and the approval of the Company's independent Shareholders at the EGM.

EGM

The Company will convene the EGM for considering and, if thought fit, passing the resolution for the approval of the transactions under the New Minibus Leasing Agreement and the New Annual Cap by the independent Shareholders by way of poll. Skyblue, being a company interested as to more than 30% by the Trustee (acting in its capacity as the trustee of The JetSun Trust), as well as Mr. Wong, Ms. Ng, Mr. Vincent Wong, Ms. Cecilia Wong (all of whom are members of the Wong Family and Shareholders) will abstain from voting at the EGM. Mr. Wong Man Chiu (the younger brother of Mr. Wong) and Ms. Wong Pik Kwan (the elder sister of Mr. Wong), both of whom are Shareholders, will also abstain from voting at the EGM.

GENERAL

A circular containing particulars of the New Minibus Leasing Agreement and the New Annual Cap, a letter of advice from an independent financial advisor and a letter of advice from an independent board committee together with a notice of the EGM will be despatched to the Shareholders as soon as practicable after the date of publication of this announcement.

DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context requires otherwise:

“associates”	shall have the meaning as prescribed under the Listing Rules;
“BVI”	the British Virgin Islands;
“Company”	AMS Public Transport Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange;
“Directors”	directors of the Company;
“EGM”	extraordinary general meeting to be held by the Company to approve, among other things, the transactions under the New Minibus Leasing Agreement and the New Annual Cap;
“Glory Success”	Glory Success Transportation Limited, a company incorporated in Hong Kong and wholly-owned by Mr. Wong, Ms. Ng and Mr. Vincent Wong;
“Green Minibus”	PLBs that provide scheduled services with fixed routes, fares, vehicle allocation, frequency and service hours stipulated by the Transport Department of Hong Kong;
“Group”	the Company and its subsidiaries;

“HKCT”	Hong Kong & China Transportation Consultants Limited, a company incorporated in Hong Kong and owned as to 60% by Metro Success and 40% by the Wong Family;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region;
“JETSUN”	JETSUN UT CO. LTD., a company incorporated in the BVI and wholly-owned by HSBC International Trustee Limited which is the trustee of The JetSun Trust;
“Lessee”	Gurnard Holdings Limited, a company incorporated in 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, a company incorporated in Hong Kong and owned as to 60% by Metro Success and 40% by the Wong Family (excluding Mr. Wong);
“Metro Success”	Metro Success Investments Limited, a company incorporated in the BVI and wholly-owned by JETSUN as trustee of The Jetsun Unit Trust;
“Monthly Administration Fee”	the monthly administration fee payable by the Owners to the Lessee for the service provided by the Lessee in arranging on behalf of the Owners for taking out and maintaining insurance policies, payment of vehicle licence fees and renewal of vehicle licences in respect of the PLBs leased by the Owners to the Lessee;
“Ms. Cecilia Wong”	Ms. Wong Wai Sze, Cecilia, the daughter of Mr. Wong and Ms. Ng;
“Ms. May Wong”	Ms. Wong Wai Sum, May, the daughter of Mr. Wong and Ms. Ng;
“Mr. Wong”	Mr. Wong Man Kit, an executive Director, the chairman of the Company and the spouse of Ms. Ng;
“Mr. Vincent Wong”	Mr. Wong Ling Sun, Vincent, an executive Director and the son of Mr. Wong and Ms. Ng;
“Ms. Vivian Wong”	Ms. Wong Wai Man, Vivian, the daughter of Mr. Wong and Ms. Ng;
“Ms. Ng”	Ms. Ng Sui Chun, an executive Director and the spouse of Mr. Wong;
“New Annual Cap”	have the meaning as more particularly stated in the section headed “New Annual Cap” of this announcement;
“New Minibus Leasing Agreement”	leasing agreement dated 8 February 2006 and entered into between the Owners and the Lessee, details of which are stated in the section headed “Particulars of the continuing connected transactions” of this announcement;
“Owners”	Maxson, Glory Success and HKCT;
“Original Minibus Leasing Agreement”	leasing agreement dated 22 March 2004 and entered into between the Owners and the Lessee in relation to, among other things, the leasing of PLBs from the Owners to the Lessee with effect from 1 April 2003 to 31 March 2006;
“PLBs”	minibuses that are licensed to carry a maximum of 16 passengers;
“Prospectus”	the prospectus of the Company dated 30 March 2004;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	shall have the meaning as prescribed under the Companies Ordinance, Cap 32, of the laws of Hong Kong and “subsidiaries” shall be construed accordingly;
“The JetSun Trust”	The JetSun Trust, a discretionary trust set up by Mr. Wong and the discretionary objects of which are members of the Wong Family (excluding Mr. Wong);

“Trustee”

HSBC International Trustee Limited; and

“Wong Family”

Mr. Wong, Ms. Ng and their son, Mr. Vincent Wong, and their daughters Ms. Cecilia Wong, Ms. May Wong and Ms. Vivian Wong.

By order of the board of
AMS Public Transport Holdings Limited
Wong Man Kit
Chairman and executive Director

Hong Kong, 8 February 2006

As at the date of this announcement, the board of Directors consists of the followings:

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.”