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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)

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

THE DISPOSAL

The Board is pleased to announce that on 27th April 2011, the Company entered into the Agreement with TILS, whereby TILS agreed to acquire and the Company agreed to sell its 100% shareholding interest in Elegant Sun at a consideration of HK\$300,000,000 (subject to adjustment) upon and subject to the terms and conditions of the Agreement. After completion of the Disposal, Elegant Sun will become wholly-owned by TILS and will cease to be a subsidiary of the Company thenceforth.

LISTING RULES IMPLICATIONS

As the consideration ratio calculated pursuant to rule 14.07 of the Listing Rules in respect of the Disposal is over 75%, the contemplated transaction therefore constitutes a very substantial disposal of the Company and is subject to the approval by the Shareholders at the EGM under rule 14.49 of the Listing Rules. Since TILS is independent of the Company and its connected persons and no Shareholder has a material interest in the Agreement which is different from that of the other Shareholders, no Shareholder is required to abstain from voting in respect of the resolution to approve the Disposal at the EGM.

A circular containing, amongst other things, details of the Disposal and the Agreement, notice of the EGM and other information as required under the Listing Rules will be dispatched to the Shareholders on or before 15th July 2011. The dispatch of the circular is expected to be more than 15 Business Days after the publication of this announcement due to consideration of the time it will take to prepare the required audited consolidated account for Elegant Sun and also the fact that the period to be covered by such audited consolidated account will be made up to the year ended 31st March 2011 to coincide with the financial year of Elegant Sun.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:36 p.m. on 27th April 2011 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 28th April 2011.

BACKGROUND

The Board is pleased to announce that the Company and TILS have concluded negotiations in relation to the Disposal and the parties have entered into the Agreement, whereby the Company has agreed to sell and TILS has agreed to purchase the Sale Share at a consideration of HK\$300,000,000 (subject to adjustment) upon and subject to the terms and conditions of the Agreement.

After completion of the Disposal, Elegant Sun will become wholly-owned by TILS and will cease to be a subsidiary of the Company and its financial results will be deconsolidated from that of the Group thenceforth.

THE AGREEMENT

Date

27th April 2011

Parties

- (1) The Company; and
- (2) TILS

Subject Asset of the Disposal

The Sale Share, being the entire issued share capital of Elegant Sun.

Consideration

The total consideration payable to the Company by TILS for the Disposal is HK\$300,000,000 (subject to adjustment), which was determined after arm's length negotiations between the parties and with reference to a price-to-earnings ratio of 36 times of the latest unaudited consolidated net profits after taxation and minority interests of Elegant Sun for the financial year ended 31st March 2010 (which amount was approximately HK\$8,324,000).

Conditions Precedent

According to the key terms of the Agreement, completion of the Disposal is conditional upon fulfillment of the following conditions precedent or waiver of the same by the relevant party:

- (a) all consents and approvals under the Listing Rules being obtained by the Company including in particular, the consent and approval from the Shareholders by way of resolutions passed at the EGM; and
- (b) all consents and approvals under the Listing Rules being obtained by TILS and / or its parent company KCB including in particular, the consent and approval from KCB's shareholders by way of resolutions passed at extraordinary general meeting specifically convened for the purpose of approving the acquisition of the Sale Share through TILS.

Completion

Subject to the fulfillment of all terms and conditions of the Agreement, the Disposal shall be completed on the Completion Date.

Payment Terms

The consideration for the Disposal shall be paid by TILS to the Company in the following manner:

- (a) on the date of signing of the Agreement, HK\$30,000,000 ("**Deposit**") shall be paid by way of delivery of a cheque drawn on a licensed bank in Hong Kong made out in favour of the Company or its designated person;

- (b) within 7 Business Days after the Completion Date, HK\$260,000,000 (“**Further Payment**”) shall be paid by way of delivery of a cashier order drawn on a licensed bank in Hong Kong made out in favour of the Company or its designated person; and
- (c) on the Final Payment Date, the balance of the consideration less the Deposit and the Further Payment (subject to adjustment thereto) (“**Final Payment**”), shall be paid by way of delivery of a cashier order drawn on a licensed bank in Hong Kong made out in favour of the Company or its designated person.

The Final Payment shall be subject to adjustment as follows:

- (a) in the event that the number of PSLs held by Chinalink Group shall be less than 71 in number on the Final Payment Date, TILS shall be entitled to make a deduction from the Final Payment calculated at the rate of HK\$1,200,000 multiplied by the number of PSLs falling short of 71 in number;
- (b) in the event that the number of PSLs held by Chinalink Group shall be more than 71 in number on the Final Payment Date, TILS shall pay to the Company an additional sum of HK\$1,200,000 for each PSL in excess of 71 in number;
- (c) in the event that the Net Tangible Asset Value shall be less than HK\$10,000,000 on the Completion Date, TILS shall be entitled to deduct from the Final Payment a sum equivalent to 80% of the amount of the shortfall;
- (d) in the event that any liabilities shall arise from any claim or taxation (i) incurred and undisclosed to TILS prior to Completion; or (ii) disclosed but under-accrued as at Completion Date, and as evidenced by documentary proof to the reasonable satisfaction of the Company and that the amount of such liabilities, if included in the Completion Accounts, would have resulted in the Net Tangible Asset Value falling short of HK\$10,000,000, TILS shall be entitled to deduct 80% of the amount of such shortfall from the Final Payment; and
- (e) if the Final Payment shall be insufficient to satisfy the deductions entitled by TILS under the foregoing sub-paragraphs (a) to (d), the Company shall pay the shortfall thereof to TILS within 14 Business Days from the Final Payment Date.

MR. CHAN'S WAIVER

Pursuant to a shareholders' agreement entered into between the Company and Mr. Chan on 9th January 2006, Mr. Chan is entitled thereunder to exercise his right to purchase 10% of the Company's indirect shareholding in Chinalink Express within 10 years from the date thereof at the price of HK\$15,000,000. In order for the Company to proceed with the Disposal pursuant to the Agreement, the Company has obtained from Mr. Chan a deed of waiver in respect of his waiving his option right as aforesaid at nil consideration.

INFORMATION ABOUT ELEGANT SUN

Elegant Sun is an investment holding company, which is directly and wholly owned by the Company. As at the date of this announcement, Elegant Sun's core asset is its 80% shareholding interests in Chinalink Group through which it is indirectly interested in a number of subsidiaries. Chinalink Group's core business activity is in the provision of cross-border coach services connecting Hong Kong and Shenzhen International Airport, Guangzhou, Foshan, Yunfu, Wuzhou, Baoan station, Jiangmen and Kaiping and the Tsuen Wan Line.

For the year ended 31st March 2009, the unaudited consolidated profits of Elegant Sun before and after taxation, extraordinary items and minority interests were approximately HK\$19,704,000 and HK\$12,703,000 respectively; whereas for the year ended 31st March 2010, its unaudited consolidated profits before and after taxation, extraordinary items and minority interests were around HK\$12,712,000 and HK\$8,324,000 respectively. The unaudited consolidated net asset value of Elegant Sun as at 31st March 2009 and 31st March 2010 was HK\$27,063,000 and HK\$35,387,000 respectively.

PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP

The Group is principally engaged in the operation of green minibus transportation service in Hong Kong and cross-boundary public bus transportation service between Hong Kong and the PRC. The principal business activities of the Group will focus on the operation of green minibus transportation service in Hong Kong upon completion of the Disposal.

PRINCIPAL BUSINESS ACTIVITIES OF TILS

TILS is an indirect wholly-owned subsidiary of KCB, a company listed on the Stock Exchange. The principal business of TILS includes the provision of local passenger transportation services in Hong Kong as well as cross-boundary passenger transportation services between Hong Kong and the PRC and also in the business of the provision of travel agency services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, TILS and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

USE OF PROCEEDS

The net proceeds, after taking account of taxes, professional fees and other expenses to be incurred as a result of the Disposal, will be used to repay Elegant Sun's outstanding bank loans amounting to approximately HK\$36,400,000 as at the date of this announcement, and the remaining balance will be set aside to finance future projects in public light bus operations and to serve as general working capital of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

After completion of the Disposal, the Company will receive an immediate cash of HK\$300,000,000 (subject to adjustment). Having regards to the unaudited consolidated net asset value of Elegant Sun as at 31st March 2010 and the consideration for the Disposal, it is estimated that the contemplated transactions will yield to the Company a book gain of approximately HK\$138,283,000. The said estimation has been calculated with reference to (a) the net proceeds from the consideration being approximately HK\$299,300,000 (net of transaction costs of the Disposal); (b) the unaudited consolidated net asset value of Elegant Sun of approximately HK\$35,387,000 as at 31st March 2010; and (c) the Company's waiver of the balance of the shareholder's loan due and owing to the Company by Elegant Sun amounting to approximately HK\$125,630,000 as at the Completion Date. However, it should be noted that the actual gain or loss to be derived from the Disposal will ultimately depend on the consolidated net asset value of Elegant Sun as at the Completion Date.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Financially, the profits of Chinalink Group have dropped in recent years due to inflationary surge in operating costs (including without limitation fuel price, labour costs, rentals and cost of repairs) coupled with decrease in the revenue of the Tsuen Wan Line since the opening of the MTR's Lok Ma Chau spur line in August 2007, leading to a corresponding contraction in net profit.

The business outlook of Chinalink Group is further overshadowed by the rapid growth of the competing MTR's Lok Ma Chau spur line and the simultaneous expansion of Shenzhen Metro network, and fierce competition on fares in the industry. Also, with the surge in the market price of PSL in recent years, the costs of leasing and / or purchasing cross-boundary coaches have increased significantly. The higher deployment costs limit the expansion of fleet size and extension of routes and places Chinalink Group in considerable difficulty in competing successfully under such fierce competition in the industry.

In view of the poor business outlook of Chinalink Group, strategy-wise, the management considers this a timely opportunity for the Group to capitalize Chinalink Group at a reasonable price before any such adversity transpires resulting in any potential losses to the Group.

Considering the potential benefits the Disposal are likely to yield to the Group, the Board (including the independent non-executive Directors) considers that the terms thereof are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Agreement and the Disposal or are required to abstain from voting on the Board resolution for considering and approving the same.

IMPLICATIONS UNDER THE LISTING RULES

As the consideration ratio calculated pursuant to rule 14.07 of the Listing Rules in respect of the Disposal is over 75%, the contemplated transaction therefore constitutes a very substantial disposal of the Company and is subject to the requirements for notification, publication and shareholders' approval at the EGM under rule 14.49 of the Listing Rules. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Agreement and the Disposal. As the purchaser TILS is independent of the Company and its connected persons and no Shareholder has a material interest in the Agreement which is different from that of the other Shareholders, no Shareholder is required to abstain from voting in respect of the resolution to approve the Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

A circular containing, amongst other things, details of the Disposal and the Agreement, notice of the EGM and other information as required under the Listing Rules will be dispatched to the Shareholders on or before 15th July 2011. The dispatch of the circular is expected to be more than 15 Business Days after the publication of this announcement due to consideration of the time it will take to prepare the required audited consolidated account for Elegant Sun and the also the fact that the period to be covered by such audited consolidated account will be made up to the year ended 31st March 2011 to coincide with the financial year of Elegant Sun.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:36 p.m. on 27th April 2011 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 28th April 2011.

DEFINITIONS

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

“Agreement”	the agreement for the sale and purchase of Sale Share dated 27 th April 2011 entered into between the Company and TILS in relation to the Disposal;
“Board”	the board of Directors;
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business (excluding Saturday);
“Chinalink Group”	Chinalink Express, Chinalink Transport and their respective subsidiaries collectively;
“Chinalink Express”	Chinalink Express Holdings Limited (中港通集團有限公司), a company incorporated in Hong Kong with limited liability, with its issued share capital wholly and beneficially owned as to 80% and 20% by Elegant Sun and Mr. Chan respectively;
“Chinalink Transport”	Chinalink Transport Group Limited (中港通客運集團有限公司), a company incorporated in Hong Kong with limited liability, with its issued share capital wholly and beneficially owned as to 80% and 20% by Elegant Sun and Mr. Chan respectively;
“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;

“Completion Accounts”	the audited consolidated financial accounts of Chinalink Group for the period from 1 st April 2011 to the Completion Date to be prepared in accordance with the generally accepted accounting principles in Hong Kong by an auditor as the Company shall appoint;
“Completion Date”	29 th July 2011 or such other date as the Company and TILS shall mutually agree in writing;
“Director(s)”	director(s) of the Company;
“Disposal”	disposal of the Sale Share to TILS by the Company pursuant to the terms of the Agreement;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including but not limited to the Disposal);
“Elegant Sun”	Elegant Sun Group Limited (旭雅集團有限公司), a company incorporated in the British Virgin Islands with limited liability, directly and wholly-owned by the Company;
“Final Payment Date”	the corresponding date exactly three calendar months after the Completion Date. In the event such corresponding date does not exist, “Final Payment Date” shall be an earlier date closest to the corresponding date;
“Group”	the Company together with its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KCB”	Kwoon Chung Bus Holdings Limited (冠忠巴士集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (stock code: 0306);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Chan”	Mr. Chan Chung Yee, Alan (陳宗彛), one of the shareholders of each of Chinalink Express and Chinalink Transport, legally and beneficially interested in 20% of the equity interest in each of the said companies. Mr. Chan is also a director of the companies within Chinalink Group and is therefore a connected person of the Company at the level of subsidiaries;
“Net Tangible Asset Value”	the amount arrived at after deducting the aggregated intangible asset value recognized according to the generally accepted accounting principles in Hong Kong (including but not limited to goodwill, trademarks, trade names, royalties and PSL) of Chinalink Group from the aggregated net asset value of Chinalink Group as determined with reference to the Completion Accounts;
“PSL”	passenger service licence for non-franchised bus services granted by the Transport Department of Hong Kong;
“PRC”	the People’s Republic of China;

“Sale Share”	1 share, representing the entire issued share capital of Elegant Sun, legally and beneficially held by the Company as at the date of this announcement;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TILS”	Trans-Island Limousine Service Limited (環島旅運有限公司), a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of KCB;
“Tsuen Wan Line”	Tsuen Wan (of Hong Kong) - Huanggang (of Shenzhen) 24-hour cross-boundary shuttle service;
“%”	per cent.

By Order of the Board
AMS Public Transport Holdings Limited
Wong Man Kit
Chairman

Hong Kong, 27th April 2011

As at the date of this announcement, the executive Directors are Mr. Wong Man Kit (Chairman), Ms. Ng Sui Chun, Mr. Wong Ling Sun, Vincent and Mr. Chan Man Chun, and the independent non-executive Directors are Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi.