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KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 306)

CONTINUING CONNECTED TRANSACTIONS LEASE OF PREMISES FROM NWFB

SUMMARY

The Board announces that on 23 February 2009, the Company entered into an Agreement with NWFB pursuant to which NWFB shall let the Premises situated at 8 Chong Fu Road, Chai Wan, Hong Kong to the Company for office purpose for 2 years commencing from 1 January 2009. The annual caps of the Transactions are estimated to be approximately HK\$844,000, HK\$3,376,000 and HK\$2,532,000 for the financial year ended 31 March 2009, 2010 and 2011 respectively.

The Transactions constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and is subject to the announcement requirements under Rule 14A.47. Details of the Transactions will be included in the Company's next published annual report and accounts.

Date of the Agreement: 23 February 2009

Parties:

1. the Company, which is principally engaged in the investment in bus and tourism business in Hong Kong and Mainland China; and
2. NWFB, which is principally engaged in the provision of franchised bus business in Hong Kong.

General nature of the Transactions:

NWFB agreed to let the Premises situated at 8 Chong Fu Road, Chai Wan, Hong Kong to the Company for office purpose in accordance with the terms and conditions provided in the Agreement. Details of the Agreement are explained further below.

Duration of the Transactions:

The term of the Agreement commenced from 1 January 2009 and shall expire on 31 December 2010 (both dates inclusive) and the Company has the option to renew the Agreement upon the like terms and conditions for one further year save for this renewal option and the new rent shall be the then current market rent based on the valuation of an independent professional property valuer.

Consideration payable by the Company to NWFB:

1. Fixed rent of HK\$151,000 monthly in advance for the first two years (calculated at approximately HK\$5.6 per square feet);
2. Management charges of HK\$71,865.22 monthly (calculated at HK\$2.66 per square feet and subject to increase during the term);
3. Rates of HK\$7,550 monthly (reimbursement of the actual amount charged on the Premises by the Government of Hong Kong and subject to adjustment during the term);
4. Fixed licence fee of HK\$16,600 monthly in total for 15 designated car parking spaces (2 spaces at HK\$1,800 monthly per vehicle for 24-hour parking and 13 spaces at HK\$1,000 per vehicle for day parking during the hours from 08:00 to 19:00 of the day, beyond which an additional handling charge of HK\$300 will be payable); and
5. Interest at bank best lending rate plus 2% per annum for any aforesaid sum overdue for over 14 days.

The rent was determined in accordance with a valuation report issued by an independent professional valuer on 16 December 2008. Other terms had been reached after arm's length negotiation between the parties thereto with reference to market rates or actual disbursement. The Company estimates that the aggregate value of the monthly consideration and the annual consideration of the Transactions amounted to approximately HK\$247,000 and HK\$2,964,000 respectively. The consideration will be satisfied by the Company's working capital. Taking into account the property market data from independent third parties and possible additional charges arising from overtime car parking, and assuming the management charges, rates and license fee (plus additional charges) will increase by 30% at a maximum during the term, the annual caps of the Transactions are estimated to be approximately HK\$844,000, HK\$3,376,000 and HK\$2,532,000 for the financial year ended 31 March 2009, 2010 and 2011 respectively. Pursuant to Rule 14A.36(2) of the Listing Rules, the Company will re-comply with the Listing Rules' reporting and announcement requirements upon renewal of the Agreement.

Reasons for entering into the Transactions and benefits expected to accrue to the Company

The Directors have compared the rent and management charges per square feet with those of other office buildings in nearby locations with similar age and consider that as the consideration is reasonable and the Premises is located near MTR station, renting the Premises shall favor the Group's operations. Also, the Directors (including independent non-executive Directors) consider that the Transactions are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

Connected relationship

FAD is a substantial shareholder holding approximately 29.90% interest in the entire issued share capital of the Company and is a direct wholly-owned subsidiary of NWFH; and NWFB is also a direct wholly-owned subsidiary of NWFH. Therefore, NWFB is a connected person of the Company and the Transactions constituted continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules. As each of the percentage ratios on an annual basis contemplated in the Transactions as defined in the Listing Rules is less than 2.5%, the Transactions are only subject to the announcement requirements under Rule 14A.47 of the Listing Rules and are exempt from the independent Shareholders' approval requirements. Details of the Transactions will be included in the Company's next published annual report and accounts.

Definitions

“Agreement”	the Agreement dated 23 February 2009 made between the Company and NWFB for the letting of the Premises to the Company
“Board”	the board of Directors
“Company”	Kwoon Chung Bus Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“FAD”	First Action Developments Limited, a substantial shareholder of the Company holding approximately 29.90% interest in the entire issued share capital of the Company and a direct wholly-owned subsidiary of NWFH
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	The People’s Republic of China excluding Hong Kong
“NWFB”	New World First Bus Services Limited, a direct wholly-owned subsidiary of NWFH
“NWFH”	New World First Holdings Limited
“Premises”	The whole 3rd floor (17,907 square feet), portion of the 4th floor (9,110 square feet), and 15 designated car parking spaces (2 for 24-hour parking and 13 for day parking) of the building situated at 8 Chong Fu Road, Chai Wan, Hong Kong
“Shareholders”	the holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Agreement

As at the date of this announcement, the Board comprises Mr. Wong Chung Pak, Thomas, Mr. Wong Leung Pak, Matthew, Mr. Wong Wing Pak, Mr. Cheng Wai Po, Samuel, Mr. Chung Chak Man, William, Mr. Lee Yin Ching, Stanley, Mr. Cheng King Hoi, Andrew, Mr. Ng King Yee, Mr. Chan Yu Kwong, Francis and Mr. Mok Wah Fun, Peter as executive Directors and Mr. Chan Bing Woon, SBS, JP, Mr. Sung Yuen Lam and Mr. Lee Kwong Yin, Colin as independent non-executive Directors.

By the order of the Board
Kwoon Chung Bus Holdings Limited
Wong Chung Pak, Thomas
Chairman

Hong Kong, 25 February 2009

* *For identification purpose only*