

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Kwoon Chung Bus Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**KWOON CHUNG BUS HOLDINGS LIMITED**

**冠忠巴士集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 306)

**MAJOR TRANSACTION  
DISPOSAL OF 90% EQUITY INTEREST IN  
SHANGHAI PUDONG KWOON CHUNG PUBLIC TRANSPORT  
COMPANY LIMITED**

---

A letter from the Board is set out on pages 3 to 7 of this circular. A notice convening an extraordinary general meeting of Kwoon Chung Bus Holdings Limited to be held at 3/F, 8 Chong Fu Road, Chai Wan, Hong Kong on Wednesday, 28 February 2007 at 2:30 p.m. is set out on page 24 and 25 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)).

If you are not able to attend the extraordinary general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting if you so wish.

2 February 2007

\* For identification purposes only

---

# CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	3
Date of the Transaction .....	4
Parties .....	4
General nature of the Transaction .....	4
Asset to be disposed of .....	5
Consideration receivable and the intended application of the sale proceeds .....	5
Financial results of Pudong KC for the immediately preceding two financial years .....	6
Conditions .....	6
Reasons for entering into the Transaction and benefits expected to accrue to the Company .....	6
Listing Rules compliance and approval by Shareholders .....	6
EGM and proxy arrangement .....	7
Recommendation .....	7
<b>Financial information of the Group</b>	
Statement of indebtedness .....	8
Working capital .....	8
Funding and treasury policy .....	9
Human resources .....	9
Financial and trading prospect .....	9
<b>General information</b> .....	13
<b>Procedure by which the Shareholders may demand a poll at a general meeting pursuant to the Current Bye-laws</b> .....	23
<b>Notice of the extraordinary general meeting</b> .....	24

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Board”	the board of Directors;
“Company”	Kwoon Chung Bus Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange;
“Completion”	completion of the Transaction;
“Current Bye-laws”	the current bye-laws of the Company with the latest amendments made on 22 September 2006;
“Directors”	the directors of the Company;
“EGM”	an extraordinary general meeting of the Company to be held at 3/F, 8 Chong Fu Road, Chai Wan, Hong Kong on Wednesday, 28 February 2007 at 2:30 p.m. to consider and, if appropriate, to approve the resolution contained in the notice of the meeting which is set out on page 24 and 25 of this circular, or any adjournment thereof;
“FERTC”	Foreign Economic Relation and Trade Commission;
“Group”	the Company and its subsidiaries;
“HK GAAP”	Generally Accepted Accounting Principles used in Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KC China”	Kwoon Chung (China) Development Company Limited, a wholly owned subsidiary of the Company incorporated in Hong Kong;
“Latest Practicable Date”	30 January 2007, being the latest practicable date prior to the printing of this circular for ascertaining information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

---

## DEFINITIONS

---

“Mainland China”	the PRC excluding Hong Kong;
“PRC”	the People’s Republic of China;
“Pudong KC”	Shanghai Pudong Kwoon Chung Public Transport Company Limited, a currently 90%-owned subsidiary of the Company incorporated in Mainland China;
“RMB”	renminbi, the currency of the PRC;
“Shanghai Jinxiu”	Shanghai Jinxiu Yifang Industrial Company Limited, a company incorporated in Mainland China mainly engaged in real estate development;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Share Transfer Agreements”	the share transfer agreement and the supplementary agreement in Chinese dated 12 December 2006 entered into between KC China as the vendor and Shanghai Jinxiu as the purchaser pursuant to which KC China agreed to sell all of its 90% equity interest in Pudong KC (save for a 6% equity interest in Wuqi KC which is in turn held by Pudong KC) to Shanghai Jinxiu;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Share Transfer Agreement; and
“Wuqi KC”	Shanghai Wu Qi Kwoon Chung Public Transport Company Limited, a currently 52.4%-owned subsidiary of the Company incorporated in Mainland China mainly engaged in provision of bus services in Shanghai.

*Unless otherwise stated, the exchange rate of RMB1 to HK\$1 has been used in this circular for reference only.*



**KWOON CHUNG BUS HOLDINGS LIMITED**

**冠忠巴士集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 306)

*Executive Directors:*

Wong Chung Pak, Thomas (*Chairman*)  
Wong Leung Pak, Matthew (*Managing Director*)  
Wong Wing Pak  
Lam Sze Hoo, Christopher  
Cheng Wai Po, Samuel  
Lee Yin Ching, Stanley  
Cheng King Hoi, Andrew  
Ng King Yee  
Chan Yu Kwong, Francis  
Mok Wah Fun, Peter

*Registered Office:*

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

*Principal Place of Business:*

3/F, 8 Chong Fu Road  
Chai Wan  
Hong Kong

*Independent Non-executive Directors:*

Chan Bing Woon, *SBS, JP*  
Sung Yuen Lam  
Lee Kwong Yin, Colin

2 February 2007

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION  
DISPOSAL OF 90% EQUITY INTEREST IN  
SHANGHAI PUDONG KWOON CHUNG PUBLIC TRANSPORT  
COMPANY LIMITED**

**INTRODUCTION**

The Board announces that on 12 December 2006, the Company through one of its wholly owned subsidiaries, KC China, entered into Share Transfer Agreements with Shanghai Jinxiu pursuant to which KC China agreed to sell all of its 90% equity interest in Pudong KC (save for a 6% equity interest in Wuqi KC which is in turn held by Pudong KC) to Shanghai Jinxiu for a consideration of

\* *For identification purposes only*

---

## LETTER FROM THE BOARD

---

RMB124,100,000 (equivalent to approximately HK\$124,100,000). As a result of the Transaction and on Completion, the Company will not hold any equity interest in Pudong KC but will through KC China directly hold the 6% equity interest in Wuqi KC originally held by Pudong KC. The Company operates transportation and tourism services in Hong Kong and Mainland China. As one of the percentage ratios contemplated in the Transaction as defined in the Listing Rules is more than 25% but less than 75%, the Transaction constitutes a major transaction for the Company under chapter 14 of the Listing Rules and is subject to, among other things, Shareholders' approval by majority vote at a EGM. The purpose of this circular is to provide the Shareholders with further information on the Transaction and seek your approval of the resolution set out in the notice of EGM on page 24 and 25 of this circular.

### DATE OF THE TRANSACTION

12 December 2006

### PARTIES

**Vendor:** KC China, which is an investment holding company and is principally engaged in the investment of bus services in Shanghai of Mainland China.

**Purchaser:** Shanghai Jinxiu, principally engaged in real estate development. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the purchaser and the ultimate beneficial owner of the purchaser are third parties independent of the Company and its connected persons.

### GENERAL NATURE OF THE TRANSACTION

Both Pudong KC and Wuqi KC are companies incorporated in Mainland China, which are principally engaged in the provision of bus services in Shanghai of Mainland China and are currently subsidiaries of the Group. Pudong KC is running 33 bus routes with approximately 750 buses while Wuqi KC is running 38 bus routes with approximately 960 buses. KC China is currently having a 90% direct equity interest in Pudong KC; a 47% direct equity interest and a 6% indirect equity interest via Pudong KC in Wuqi KC. In other words, KC China owns a 52.4% effective equity interest in Wuqi KC.

Pursuant to the Share Transfer Agreements, KC China agreed to sell all of its 90% equity interest in Pudong KC to Shanghai Jinxiu for a consideration of RMB124,100,000 (equivalent to approximately HK\$124,100,000) on condition that a 6% equity interest in Wuqi KC which is held by Pudong KC have to be transferred back to KC China. As a result of the Transaction and on Completion, the Company will not hold any equity interest in Pudong KC (and hence Pudong KC will no more be a subsidiary of the Company) but will through KC China directly hold the 6% equity interest in Wuqi KC originally held by Pudong KC. Before and after the Transaction, Wuqi KC is a subsidiary of the Company and its results are consolidated into the Company's Group accounts. KC China's effective equity interest in Wuqi KC will slightly increase from 52.4% to 53%.

---

## LETTER FROM THE BOARD

---

### ASSET TO BE DISPOSED OF

The asset to be realized is all of the 90% equity interest in Pudong KC held by KC China (save for a 6% equity interest in Wuqi KC which is in turn held by Pudong KC as explained above).

As Pudong KC constitutes only part of the extensive bus operations of the Group in Shanghai or in the PRC, after the Transaction, the principal activities of the Group remain unchanged.

### CONSIDERATION RECEIVABLE AND THE INTENDED APPLICATION OF THE SALE PROCEEDS

The consideration receivable is RMB124,100,000 (equivalent to approximately HK\$124,100,000), which shall be collected in cash by three installments. The first installment amounts to RMB72,100,000 (equivalent to approximately HK\$72,100,000) and is receivable within fifteen days after FERTC approves the Share Transfer Agreements. Both the second and third installment amount to RMB26,000,000 (equivalent to approximately HK\$26,000,000) and are receivable within 5 days after one year and two years respectively after FERTC's approval. The sale proceeds will be used by the Group as general working fund.

The consideration for the Transaction was negotiated on an arm's length basis and on normal commercial terms between KC China and Shanghai Jinxiu. It is determined mainly with reference to an asset valuation report issued by a professional valuer, who is a third party independent of the Company and its connected persons, on 10 November 2006. According to the report, the appraised value of the 90% equity interest in Pudong KC (net of the 6% equity interest in Wuqi KC) as at 30 June 2006 is approximately RMB103,980,000 (equivalent to approximately HK\$103,980,000).

The unaudited net book value of the 90% equity interest in Pudong KC (net of the 6% equity interest in Wuqi KC) as at 30 November 2006, is approximately RMB107,771,000 (equivalent to approximately HK\$107,771,000) as recorded in the accounts under HK GAAP of Pudong KC. As a result of the Transaction, a gain on disposal before tax and goodwill write-off, which represents the excess of the consideration over the unaudited net book value of the asset to be disposed of, amounting to approximately RMB16,329,000 (equivalent to approximately HK\$16,329,000) is expected to accrue to the Company. Accordingly, both the net assets and earnings of the Group are expected to increase by approximately RMB9,265,000 (equivalent to approximately HK\$9,265,000), which represents the net gain on disposal after tax and goodwill write-off.

In view of the above, the Directors, including the independent non-executive Directors, consider the terms of the Transaction are fair and reasonable and in the interests of the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

### FINANCIAL RESULTS OF PUDONG KC FOR THE IMMEDIATELY PRECEDING TWO FINANCIAL YEARS

A summary of the 90% share of audited net loss (both before and after taxation and extraordinary items) of Pudong KC attributable to the Group under HK GAAP for the two financial years immediately preceding the Transaction is as follows:

	<b>For the financial year ended 31 March</b>	
	<b>2006</b>	<b>2005</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Share of net loss before taxation and extraordinary items	16,142	7,813
Share of net loss after taxation and extraordinary items	<u>8,421</u>	<u>6,767</u>

### CONDITIONS

The Transaction is subject to the approvals by the relevant government authorities of Mainland China including mainly FERTC and the approval requirements as stipulated in the Listing Rules.

### REASONS FOR ENTERING INTO THE TRANSACTION AND BENEFITS EXPECTED TO ACCRUE TO THE COMPANY

Owing to the continuously high operating costs including fuel and salaries, the return of Pudong KC does not meet the expectation of the Company and the Directors do not foresee a significant turnaround in the near future. The sale of the equity interests in Pudong KC will improve the profit and loss and liquidity positions of the Group and relieve its leverage.

### LISTING RULES COMPLIANCE AND APPROVAL BY SHAREHOLDERS

As one of the percentage ratios contemplated in the Transaction as defined in the Listing Rules is more than 25% but less than 75%, the Transaction constitutes a major transaction for the Company under chapter 14 of the Listing Rules and is subject to, among other things, Shareholders' approval by majority vote at a EGM. No Shareholder needs to abstain from voting.



---

## LETTER FROM THE BOARD

---

### EGM AND PROXY ARRANGEMENT

The EGM has been convened to be held at 3/F, 8 Chong Fu Road, Chai Wan, Hong Kong on Wednesday, 28 February 2007 at 2:30 p.m. at which an ordinary resolution will be proposed to approve the Transaction.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if you so wish.

### RECOMMENDATION

The Board considers that the terms of the Transaction are fair and reasonable so far as the Shareholders are concerned and that the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,  
By order of the Board  
**Wong Chung Pak, Thomas**  
*Chairman*

### 1. STATEMENT OF INDEBTEDNESS

As at 31 December 2006, being the most recent practicable date for the purpose of this indebtedness statement prior to printing of this circular, the borrowings and contingent liabilities of the Group, apart from intra-group liabilities, are as follows:

#### (i) Debt securities

As at 31 December 2006, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued.

#### (ii) Other borrowings and indebtedness, and liquidity and financial resources

Funding for the Group's operations during the period mainly came from internally generated cash flows. Any shortfall was financed by bank loans and leases. As at 31 December 2006, the total indebtedness outstanding was approximately HK\$748 million, of which HK\$390 million was repayable/renewable within one year. The indebtedness comprised mainly bank loans and leases and was deployed mainly for purchases of buses and investments in Hong Kong and Mainland China. The leverage was approximately 70.4%. The Group also had capital commitments amounting to approximately HK\$92 million which had been contracted but not provided for.

#### (iii) Mortgages and charges

As at 31 December 2006, the Group's bank loans were secured by (i) certain property, plant and equipment and prepaid land lease payments with an aggregate net book value of HK\$284,532,000, an investment property with a net carrying value of HK\$1,000,000 and time deposits of HK\$16,156,000; (ii) all of the issued shares of New Lantao Bus Company (1973) Limited and Trans-Island Limousine Service Limited, subsidiaries of the Company, held by the Group; and (iii) fixed and floating charges over the assets and undertakings of the Group in Hong Kong to the extent of HK\$490,000,000 under debentures given by the Company.

#### (iv) Contingent liabilities

As at 31 December 2006, the Company has given guarantees amounting to HK\$801,481,000 in favour of the Group's bankers for banking facilities granted to its subsidiaries and a jointly-controlled entity.

### 2. WORKING CAPITAL

As at the Latest Practicable Date, after taking into account of the available banking and other borrowing facilities and the internal resources of the Group, the Directors were of the opinion that the working capital available to the Group is sufficient for the 12-month period from the date of this circular.

### 3. FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy towards its overall business operations with an aim to minimise financial risks. All future projects will be financed by cash flows from operations or banking facilities or any viable forms of financing in Hong Kong and/or Mainland China.

Substantially, the income and expenditure of the Group for its Hong Kong operations are denominated in Hong Kong Dollars (“HK\$”). For its investments in Mainland China, the major sources of income are in Renminbi (“RMB”). Regardless of the relative stableness of RMB against HK\$, the Group has been cautiously observing the trend and will formulate plans in hedging the risks of currency exchange rate fluctuations as and when it is necessary, such as raising funds in RMB from the local capital market or local banking sector if feasible. The Group is also cautious about the risk of interest rate fluctuations as the current bank loans of the Group carry floating interest rates. Appropriate measures in minimizing such risks will be duly executed by the Group as and when it is necessary.

### 4. HUMAN RESOURCES

As at the Latest Practicable Date, the Group employed a total of approximately 18,000 employees. The Group recruits, employs, promotes and remunerates its employees based on their qualification, experience, skills, performances and contributions. Remuneration is fixed at market rates. In-house orientation and training programmes are arranged for the staff both in Hong Kong and Mainland China. Staff are also encouraged to attend seminars and courses of job-related nature that are organized by professional or educational institutions.

### 5. FINANCIAL AND TRADING PROSPECT

The Group is facing a very tough operating environment.

- (a) Although the international fuel price has been falling substantially from its record high, its retail price still remains at a relatively high level. The Group will continue with its fuel-saving measures and negotiate with the local governments in various cities of Mainland China for the relevant fuel subsidies.
- (b) There are bigger pressures for salary increases both in Mainland China and in Hong Kong. The Group will continue to rationalize its organizational structure, avoid duplication of work, link up pay with performance and improve the productivity of its employees to justify for salary increment.
- (c) With a weaker HK\$ that is pegged with US Dollar, the import prices of parts and accessories of the Group’s fleet in Hong Kong, mostly from Japan and Europe, have also greatly increased. The Group will explore hedging and other useful means to minimize the adverse impact.

---

## FINANCIAL INFORMATION OF THE GROUP

---

- (d) The competition from rail traffic, especially those parallel to some bus routes of the Group, also forms a great threat to the Group's patronage as well as revenue.
- (e) The higher interest rates for bank loans also increase the financial burden of the Group.

To overcome the foresaid obstacles, the Group has implemented the following measures:

- (a) The Group will consolidate its bus operations in Mainland China and will not exclude the possibility of disposal of some bus operations with a relatively more uncertain prospect at reasonable prices.
- (b) The Group will also dispose of some fixed assets, like land and buildings both in Hong Kong and Mainland China, which will not affect its core business. By doing so, the Group's leverage ratio and cash flow position will be much improved.
- (c) The Group will diversify its business operations. Its investments in the Chongqing Tourism Group and the inter-city bus terminal in Xiangfan have made steady progresses. The two new investments, namely, the Miyaluo project and the Chengdu tour bus project with related business in Mainland China, will create new opportunities and will be described in greater details below.

**(i) Non-franchised Bus Services in Hong Kong**

While the student, employee, resident and coach hire services remain stable or a mild growth, the tour, hotel and cross-border bus services will be the most important areas of growth for the Group. The new Hongkong-Shenzhen Western Corridor is anticipated to commence operation in July 2007 and the Group will make appropriate arrangements in this regard. The Group is also making some 'travel-related products' to fuller utilize its fleet of buses.

**(ii) Franchised Bus Services in Hong Kong**

New Lantau Bus Company (1973) Limited ("NLB") is a 99.99% owned subsidiary and the franchised bus operator under the Group. Ngong Ping Skyrail, the cable car service between Tung Chung and Ngong Ping of Lantau Island, commenced operation since September 2006. As the cable car route is directly parallel to NLB's Route 23 (Tung Chung – Ngong Ping), the patronage and receipts of this route were adversely affected. To minimize the negative impact of Skyrail, NLB will further promote its own products, like Lantau Pass, Tai O Pass and Ngong Ping Pass. With the support of the Transport Department, NLB has also carried out some route rationalizations to save expenses. NLB has also applied for bus fare increases, which are under processing. NLB would continue with its best effort to work out a mutually beneficial deal with Skyrail. NLB will actively participate if Transport Department invites proposal for new cross-border franchised bus routes. NLB would explore new sources of income like advertisement. It is hoped that NLB will breakeven in the foreseeable future and be profitable ultimately.

### (iii) Bus Services in Mainland China

The Group will consolidate its existing operations in Mainland China. The profitability of these operations has been greatly affected by higher fuel costs, salary increases, keen competition from rail and other means of public transport and the difficulty to adjust the bus fares upwards. The Group had obtained the mutual agreement with the local authority to terminate its contractual joint venture in Anshan in May 2006.

At this stage, the Group has no plan to invest in any new public transport projects in the foreseeable future, but it would still consider expanding some of its existing operations when the development is commercially viable.

### (iv) Tour and Hotel Services

The Group has continued to invest and operate travel and tourism business through the operations of its subsidiary, Chongqing Tourism (Group) Company Limited. This subsidiary together with its fellow subsidiary, Chongqing Everbright International Travel Service Co., Ltd. have achieved and will continue promoting more inbound as well as outbound package tours and Free Individual Travelers to Hong Kong. It has targeted and continues to strengthen its bilateral business relationship links with Taiwan and Japan markets, which have a lot of potential for tourism business in Mainland China.

In Hong Kong, because of the relative strengths of the Group in its wide range of transport services and its access to the new tourist attractions, particularly Disneyland and other parts of Lantau, the Group has developed some tourist package services under the concept of “one-stop shopping”, that is, ‘transport + tour + possibly hotel reservation’. This is to match with the rapidly growing number of Free Individual Travellers from Mainland China to Hong Kong. It is hoped that the Group will successfully transform from a purely transport company into a service corporation with more added values, a wider varieties of services and a bigger profit margin.

#### (a) *Miyaluo Project in Sichuan Province*

The business license of the “Lixian Bipenggou Tourism Development Company Limited” has been issued by the relevant authorities in November 2006. The Group owns 51% equity interest in this subsidiary and the other two shareholders are Chengdu China Travel Service Co. Ltd. (34.3% equity interest) and Lixian government (14.7% equity interest). The total investment of the Group in this project is about RMB 35 million.

Miyaluo is a scenic spot with a total area of about 613.8 sq. km in Lixian which is about 175 km distance (when the construction of a new highway completes in mid-2007) from Chengdu. This subsidiary has the right of development of the region for 50 years.

---

## FINANCIAL INFORMATION OF THE GROUP

---

The major spheres of operation of this subsidiary are sightseeing, leisure activities, accommodation and tourist property development. Initially, this subsidiary will concentrate on completing the infra-structural construction works, like construction of roads, renovation of some scenic spots, construction of a reception center, and building of a hotel with ethnic characteristic, etc. It will charge entrance fee as one of its major revenues. The official opening date of the project is planned to be 1 October 2007. It is hoped that the number of visitors to this scenic attraction will be 100,000 for the first year and a target of gradual increase to 1 million visitors a year within ten years.

Later on, this subsidiary will also invite interested parties to jointly develop new projects upon approval by relevant authorities, like 5-star hotels, golf courses, international standard skiing fields, etc. It will provide land at prevailing market rate and the business partner will provide capital and technological know-how to form a joint venture for each new project.

*(b) Tour Bus Project in Chengdu*

The Certificate of Approval of “Chengdu Kwoon Chung CTS International Tourism Company Limited” has been issued in November 2006. The Group owns 60% equity interest in this subsidiary and the other joint venture partner is Chengdu China Travel Service Company Limited, which owns the other 40% equity interest. The total investment of the project is US\$10 million and the registered capital is US\$5 million.

The major sphere of operation of this new subsidiary is to run initially a fleet of 60 tour buses that serve the different scenic spots in Sichuan Province. This subsidiary also aims at the establishment of a “tourist distribution center” to conduct travel and travel-related business.

# GENERAL INFORMATION

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and that there are no other facts the omission of which would make any statement contained herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors' interests and short positions in Shares and underlying shares

As at the Latest Practicable Date, the interests and short positions of each Director in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Long positions in ordinary Shares of the Company

Name of Director	Number of Shares held, capacity and nature of interest		Total	Percentage of the Company's issued Share capital
	Directly beneficially owned	Through controlled corporation		
Wong Chung Pak, Thomas	1,217,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	127,098,646	32.18
Wong Wing Pak	699,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	126,580,646	32.05
Wong Leung Pak, Matthew	599,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	126,480,646	32.03
Lee Yin Ching, Stanley	2,893,556	–	2,893,556	0.73
Cheng King Hoi, Andrew	755,556	–	755,556	0.19
Ng King Yee	100,000	–	100,000	0.03

#### Notes:

- (1) Mr. Wong Chung Pak, Thomas jointly holds 1,217,665 Shares with his spouse. Mr. Wong Wing Pak jointly holds 699,665 Shares with his spouse. Mr. Wong Leung Pak, Matthew jointly holds 599,665 Shares with his spouse.

## GENERAL INFORMATION

- (2) These Shares are held by Wong Family Holdings Limited (as trustee of The Wong Family Unit Trust), with each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holding one-third of the shares in issue in Wong Family Holdings Limited. The units of The Wong Family Unit Trust are held by the discretionary trusts established for the spouse and issue of each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew.

(ii) *Long positions in Shares of associated corporations*

Name of associated corporation	Name of Director	Number of Shares <sup>#</sup>	Class of Shares
Good Funds Services Limited*	Wong Chung Pak, Thomas	50,000	Non-voting deferred
Good Funds Services Limited*	Wong Wing Pak	125,000	Non-voting deferred
Good Funds Services Limited*	Wong Leung Pak, Matthew	125,000	Non-voting deferred
Good Funds Services Limited*	Lo Kin Wai	50,010	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Chung Pak, Thomas	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Wing Pak	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Leung Pak, Matthew	33,334	Non-voting deferred
New Lantao Bus Company (1973) Limited*	Wong Chung Pak, Thomas	5	Ordinary
New Lantao Bus Company (1973) Limited*	Wong Wing Pak	1	Ordinary
New Lantao Bus Company (1973) Limited*	Wong Leung Pak, Matthew	1	Ordinary

\* *subsidiaries of the Company*

# *directly beneficially owned*



## GENERAL INFORMATION

In addition, Mr. Wong Chung Pak, Thomas has non-beneficial personal equity interests in certain subsidiaries of the Company held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

*(iii) Share options outstanding*

Name or category of participant	Number of Share options	Date of grant of Share options	Exercise period of Share options	Exercise price of Share options HK\$	Price of Company's Shares	
					At grant date of options HK\$	At exercise date of options HK\$
<b>Directors</b>						
Wong Chung Pak, Thomas	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Wong Wing Pak	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Wong Leung Pak, Matthew	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Lee Yin Ching, Stanley	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Cheng King Hoi, Andrew	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Ng King Yee	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A

## GENERAL INFORMATION

Name or category of participant	Number of Share options	Date of grant of Share options	Exercise period of Share options	Exercise price of Share options <i>HK\$</i>	Price of Company's Shares	
					At grant date of options <i>HK\$</i>	At exercise date of options <i>HK\$</i>
Chan Yu Kwong, Francis	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Mok Wah Fun, Peter	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Chan Bing Woon, SBS, JP	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Sung Yuen Lam	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Lee Kwong Yin, Colin	100,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
	<u>18,000,000</u>					

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had registered an interest or short position in the Shares, underlying shares or debentures of the Company or any associated corporation which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## GENERAL INFORMATION

### (ii) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, had, or were deemed or taken to have interests or short positions in the Shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity	Number of ordinary Shares held and nature of interest		Interest in underlying shares pursuant to Share options	Aggregate interest	Percentage of the Company's issued Share capital
		Personal	Corporate			
Wong Chung Pak, Thomas	Joint interest	1,217,665	-	-	130,598,646	33.07
	Founder of a discretionary trust	-	125,880,981 <sup>(1)</sup>	-		
	Beneficial owner	-	-	3,500,000		
Tso Anna	Joint interest	1,217,665	-	-	130,598,646	33.07
	Interest of spouse	-	125,880,981	3,500,000		
Wong Leung Pak, Matthew	Joint interest	599,665	-	-	130,280,646	32.99
	Founder of a discretionary trust	-	125,880,981 <sup>(1)</sup>	-		
	Beneficial owner	-	-	3,500,000		
	Interest of spouse	-	-	300,000		
Ng Lai Yee, Christina	Joint interest	599,665	-	-	130,280,646	32.99
	Beneficial owner	-	-	300,000		
	Interest of spouse	-	125,880,981	3,500,000		
Wong Wing Pak	Joint interest	699,665	-	-	130,080,646	32.94
	Founder of a discretionary trust	-	125,880,981 <sup>(1)</sup>	-		
	Beneficial owner	-	-	3,500,000		
Tang Kit Ling, Louise	Joint interest	699,665	-	-	130,080,646	32.94
	Interest of spouse	-	125,880,981	3,500,000		

## GENERAL INFORMATION

Name	Capacity	Number of ordinary Shares held and nature of interest		Interest in underlying shares pursuant to Share options	Aggregate interest	Percentage of the Company's issued Share capital
		Personal	Corporate			
Equity Trustee Limited	Trustee	-	125,880,981	-	125,880,981	31.88
Wong Family Holdings Limited ("WFHL")	Beneficial owner	-	125,880,981 <sup>(1)</sup>	-	125,880,981	31.88
First Action Developments Limited ("First Action")	Beneficial owner	-	118,093,019 <sup>(2)</sup>	3,500,000	121,593,019	30.79
New World First Holdings Limited ("NWFH")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Transport Services Limited ("NWST")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Service Management Limited ("NWSSM BVI") <sup>(3)</sup>	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Service Management Limited ("NWSSM Cayman Islands") <sup>(3)</sup>	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Holdings Limited ("NWSH")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
New World Development Company Limited ("NWD")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Enrich Group Limited ("EGL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Chow Tai Fook Enterprises Limited ("CTFEL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Centennial Success Limited ("CSL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Cheng Yu Tung Family (Holdings) Limited ("CYTFHL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Cathay International Corporation	Beneficial owner	-	67,592,000	-	67,592,000	17.12

---

## GENERAL INFORMATION

---

*Notes:*

- (1) Each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holds one-third of the shares in WFHL and they are deemed to be interested in the 125,880,981 Shares which are directly held by WFHL. These 125,880,981 Shares represent approximately 31.88% of the issued Share capital of the Company.
- (2) As at the Latest Practicable Date, First Action was a wholly-owned subsidiary of NWFH; NWFH was a wholly-owned subsidiary of NWST; the issued share capital of NWST was held directly by NWSSM-BVI and EGL on a 50-50 basis; NWSSM-BVI was a wholly-owned subsidiary of NWSSM-Cayman Islands; NWSSM-Cayman Islands was a wholly-owned subsidiary of NWSH; NWD owned approximately 56.15% equity shares in NWSH; CTFEL owned approximately 36.54% equity shares in NWD; EGL was a wholly-owned subsidiary of CTFEL; CTFEL was a wholly-owned subsidiary of CSL; and CSL was 51% owned by CYTFHL. As at the Latest Practicable Date, each of NWFH, NWST, NWSSM-BVI, NWSSM-Cayman Islands, NWSH, NWD, EGL, CTFEL, CSL and CYTFHL was deemed to be interested in the 118,093,019 Shares which were held directly by First Action. These 118,093,019 Shares represented approximately 29.90% of the issued Share capital of the Company.
- (3) NWSSM-BVI was incorporated in the British Virgin Islands and NWSSM-Cayman Islands was incorporated in the Cayman Islands.
- (4) As at the Latest Practicable Date, NWFH owned 100% equity shares in New World First Bus Services Limited (“NWFB”), which held 2,500,000 Share options of the Company. As at the Latest Practicable Date, NWFH was deemed to be interested in the 6,000,000 Share options which were held directly by First Action and NWFB as to 3,500,000 Shares options and 2,500,000 Share options, respectively.

Save as disclosed in this circular, as at the Latest Practicable Date, so far as is known to the Directors, no other person has an interest or short position in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

---

## GENERAL INFORMATION

---

### 3. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, except for Messrs. Lam Sze Hoo, Christopher and Cheng Wai Po, Samuel, has a service contract with the Company for a term of five years commencing on 1 October 2004 which is subject to termination by either party upon expiration of the contract giving not less than three months' prior written notice to the other. According to the service contracts and the subsequent adjustment with effect from 1 October 2006, the total annual remuneration of the executive directors is approximately as follows:

<b>Name of executive Director</b>	<b>Approximate total annual remuneration HK\$'000</b>
Wong Chung Pak, Thomas	2,376
Wong Wing Pak	2,640
Wong Leung Pak, Matthew	2,376
Lee Yin Ching, Stanley	911
Cheng King Hoi, Andrew	1,148
Ng King Yee	726
Chan Yu Kwong, Francis	1,148
Mok Wah Fun, Peter	<u>812</u>
	<u><u>12,137</u></u>

Apart from the foregoing, no Director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### 4. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

---

## GENERAL INFORMATION

---

### 5. DIRECTORS' INTERESTS IN GROUP ASSETS

No Director has a direct or indirect interest in any assets which have been, since 31 March 2006, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

### 6. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

### 7. LITIGATION AND CLAIMS

As at the Latest Practicable Date, so far as the Directors were aware, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against the Company or any of its subsidiaries.

### 8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Group within the two years preceding the date of this circular and up to the Latest Practicable Date:

- (a) the agreement in Chinese dated 24 May 2006 entered into between Hubei Shenzhou Transport Holdings Company Limited ("Hubei Shenzhou") as the vendor and New World First Bus Services (China) Limited ("NWFB China") as the purchaser pursuant to which Hubei Shenzhou agreed to sell 23.693% equity interests in Guangzhou City Panguang Public Bus Company Limited ("Panguang") to NWFB China, a connected person of the Company for a consideration of RMB36,427,940 (equivalent to approximately HK\$34,970,822 at the then prevailing exchange rate of RMB1 to HK\$0.96) with the result that on Completion, the Company will hold no more equity interest in Panguang;
- (b) the joint venture agreement in Chinese dated 12 June 2006 entered into between Lixian Bipenggou Tourism Development Company Limited ("Bipenggou"), HK Kwoon Chung Tourism Development Company Limited ("KC Tourism"), Chengdu China Travel Service Company Limited and Lixian Miyalu Taoping Scenery Management Board pursuant to which KC Tourism agreed to acquire 51% equity interests in Bipenggou, a company incorporated in Sichuan Province of the PRC for a consideration of RMB35,137,000 (equivalent to approximately HK\$33,732,000 at the then prevailing exchange rate of RMB1 to HK\$0.96); and
- (c) the Share Transfer Agreements.

---

## GENERAL INFORMATION

---

### 9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's head office in Hong Kong during normal business hours from 2 February 2007 to 28 February 2007:

- (a) the Bye-laws of the Company;
- (b) the Directors' service contracts referred to in the section headed "Directors' service contracts" above;
- (c) the material contracts referred to in the section headed "Material contracts" above;
- (d) the asset valuation report issued by a professional valuer on 10 November 2006 referred to in the "Letter from the Board" aforesaid;
- (e) the annual reports of the Company for the two years ended 31 March 2006;
- (f) the circular issued by the Company dated 15 June 2006 in relation to the disposal of 23.693% equity interest in Panguang by Hubei Shenzhou to NWFB China;
- (g) the circular issued by the Company dated 29 June 2006 in relation to the acquisition of 51% equity interest in Bipenggou by KC Tourism; and
- (h) this circular.

### 10. GENERAL

- (a) The qualified accountant of the Company is Mr. Chan Yu Kwong, Francis, B comm., FCPA (Australia), FCPA (HK).
- (b) The company secretary of the Company is Mr. Chan Kwok Kee, Andy, BBA, FCCA, CPA.
- (c) The Company's registered office is at Clarendon House, Church Street, Hamilton HM 11, Bermuda and its head office is at 3rd Floor, No.8 Chong Fu Road, Chai Wan, Hong Kong.
- (d) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.



## **PROCEDURE BY WHICH THE SHAREHOLDERS MAY DEMAND A POLL AT A GENERAL MEETING PURSUANT TO THE CURRENT BYE-LAWS**

---

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company pursuant to the Current Bye-laws.

According to Bye-law 66 of the Current Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

In addition, in compliance with the Listing Rules, any vote of shareholders at a general meeting will be taken on a poll where:

- (a) the Chairman of the general meeting and/or the directors individually or collectively hold proxies in respect of shares representing 5% or more of the total voting rights at the general meeting, and the meeting votes, on a show of hands, in the opposite manner to that instructed in those proxies unless it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands;
- (b) the meeting is to approve connected transactions;
- (c) the meeting is to approve transactions that are subject to independent shareholders' approval pursuant to the Listing Rules;
- (d) the meeting is to approve granting of options to a substantial shareholder or an independent non-executive director of the issuer, or any of their respective associates, as required under the Listing Rules; or
- (e) the meeting is to approve any other transactions in which a shareholder has a material interest and is therefore required to abstain from voting at the general meeting.



**KWOON CHUNG BUS HOLDINGS LIMITED**

**冠忠巴士集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 306)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Kwoon Chung Bus Holdings Limited (the “Company”) will be held at 3/F, 8 Chong Fu Road, Chai Wan, Hong Kong on Wednesday, 28 February 2007 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT** the share transfer agreement and the supplementary agreement (the “Share Transfer Agreements”) in Chinese dated 12 December 2006 entered into between Kwoon Chung (China) Development Company Limited, a wholly-owned subsidiary of the Company as the vendor and Shanghai Jinxiu Yifang Industrial Company Limited, as the purchaser in connection with the disposal of 90% equity interest in Shanghai Pudong Kwoon Chung Public Transport Company Limited (“Pudong KC”) (excluding a 6% equity interest in Shanghai Wu Qi Kwoon Chung Public Transport Company Limited held by Pudong KC) at a consideration of RMB124,100,000 (equivalent to approximately HK\$124,100,000), a copy of which has been produced to this meeting, marked “A” and signed by the Chairman of this meeting for the purpose of identification and the details of which are set out in the circular of the Company dated 2 February 2007, and the transaction contemplated under the Share Transfer Agreements, be and they are hereby approved, ratified, and confirmed and any Director of the Company be and is hereby authorized to take such action, do such things and execute such further documents or deeds as such Director may, in his opinion, deem necessary or desirable for the purpose of implementing the Share Transfer Agreements.”

By order of the Board  
**Wong Chung Pak, Thomas**  
*Chairman*

Hong Kong, 2 February 2007

\* *For identification purposes only*

---

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

---

*Notes:*

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more Shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from Friday, 23 February 2007 to Tuesday, 27 February 2007, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to qualify for attending and voting at the above meeting, unregistered holders of Shares of the Company should ensure that all transfers of Shares accompanied by the relevant Share certificates and appropriate transfer forms must be lodged with the Company's Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 22 February 2007.