

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.

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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)

**CONNECTED TRANSACTIONS
DISPOSAL OF 52.5% EFFECTIVE EQUITY INTEREST IN
XH TOURISM BUS AND
ACQUISITION OF 30% EQUITY INTEREST IN
XH INTERNATIONAL TRANSPORT**

Independent financial adviser to the Independent Board Committee

AsiaVest Partners

AsiaVest Partners Limited

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on page 13 of this circular. A letter from AsiaVest Partners Limited, the independent financial adviser, containing its advice to the Independent Board Committee is set out on pages 14 to 27 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 Monday, 28 April 2008 at 2:30 p.m. is set out on pages 56 and 57 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).

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 Rooms 1806-7, 18th 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 they so wish.

7 April 2008

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DEFINITIONS

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

“Acquisition”	the transaction contemplated under the Equity Acquisition Agreement;
“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”	the respective completion of the Transactions;
“Directors”	the directors of the Company;
“Disposal”	the transaction contemplated under the Equity Disposal Agreement;
“EGM”	an extraordinary general meeting of the Company to be held at 3/F, 8 Chong Fu Road, Chai Wan, Hong Kong on Monday, 28 April 2008 at 2:30 p.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 56 to 57 of this circular, or any adjournment thereof;
“Equity Acquisition Agreement”	the agreement in Chinese dated 8 November 2007 entered into among GZ Gogo TIL as the purchaser, Wang Chen Liang as the vendor and GZ Zhong Guan pursuant to which GZ Gogo TIL agreed to acquire 30% equity interest in XH International Transport from Wang Chen Liang;
“Equity Disposal Agreement”	the agreement in Chinese dated 8 November 2007 entered into between Top China as the vendor and GZ Xing Shun as the purchaser pursuant to which Top China agreed to sell all of its 70% equity interest in XH Tourism Bus to GZ Xing Shun;
“Group”	the Company and its subsidiaries;
“GZ Gogo TIL”	Guangzhou Gogo TIL Consulting Services Co., Ltd, an investment holding company incorporated in Mainland China and is 100% indirectly owned by the Company;

DEFINITIONS

“GZ Xing Shun”	Guangzhou Xing Shun Transport Services Co., Ltd, an investment holding company incorporated in Mainland China and is 100% owned by Wang Chen Liang. It was a 30% minority equity holder of XH Tourism Bus before the Disposal;
“GZ Zhong Guan”	Guangzhou City Zhong Guan Consulting Services Co., Ltd, an investment holding company incorporated in Mainland China and is 100% directly owned by GZ Gogo TIL;
“HK GAAP”	Generally Accepted Accounting Principles used in Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	the piece of land located at Donghui Square of Guangzhou Development Zone (including the buildings thereon) owned by XH Tourism Bus;
“Latest Practicable Date”	31 March 2008, 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;
“Mainland China”	The PRC excluding Hong Kong;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers;
“PRC”	the People’s Republic of China;
“PRC GAAP”	Generally Accepted Accounting Principles used in the PRC;
“RMB”	renminbi, the currency of the PRC;
“SFO”	Securities and Futures Ordinance;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Top China”	Top China International Investment Holdings Limited, an investment holding company incorporated in Hong Kong and an indirect 75%-owned subsidiary of the Company;

DEFINITIONS

“Transactions”	the Acquisition and Disposal transactions;
“Wang Chen Liang”	three Mainland China individuals namely Wang Jian Chao, Chen Yun Sheng and Liang Shu Qiong, who jointly holds 100% equity interest in GZ Xing Shun and before the Acquisition, held 30% equity interest in XH International Transport;
“XH International Transport”	GFTZ Xing Hua International Transport Ltd, a long-distance bus company incorporated in Mainland China. It was 52.5% owned by GZ Zhong Guan and, 30% owned by Wang Chen Liang before the Acquisition; and
“XH Tourism Bus”	GFTZ Xing Hua Tourism Bus Co., Ltd, an intra-city bus company incorporated in Mainland China and was 70% owned by Top China and 30% owned by GZ Xing Shun before the Disposal.

In this circular, the exchange rate of HK\$1 to RMB0.90 has been used 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

7 April 2008

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTIONS
DISPOSAL OF 52.5% EFFECTIVE EQUITY INTEREST IN
XH TOURISM BUS AND
ACQUISITION OF 30% EQUITY INTEREST IN
XH INTERNATIONAL TRANSPORT**

INTRODUCTION

On 8 November 2007, the Company through an indirect 75%-owned subsidiary, Top China, and two indirect wholly-owned subsidiaries, GZ Gogo TIL and GZ Zhong Guan, entered into an Equity Disposal Agreement and an Equity Acquisition Agreement respectively.

* For identification purposes only

LETTER FROM THE BOARD

According to the Equity Disposal Agreement entered into between Top China and GZ Xing Shun (the 30% minority equity holder of XH Tourism Bus and a connected person of the Company), Top China agreed to sell all of its 70% equity interest in XH Tourism Bus to GZ Xing Shun,. As a consideration of the Disposal, Top China will receive all of the net assets of XH Tourism Bus (save for a piece of Land located at Donghui Square of Guangzhou Development Zone including the buildings thereon) as at 31 July 2007, which is estimated to have a market value of approximately RMB15,391,000 (equivalent to approximately HK\$17,101,000). On Completion, the Company will hold no more equity interest in XH Tourism Bus.

According to the Equity Acquisition Agreement entered into among GZ Gogo TIL, Wang Chen Liang (the 30% minority equity holder of XH International Transport and a connected person of the Company), and GZ Zhong Guan, GZ Gogo TIL agreed to acquire 30% equity interest in XH International Transport, a 52.5%-owned subsidiary of GZ Zhong Guan, from Wang Chen Liang, for a cash consideration of RMB10,600,000 (equivalent to approximately HK\$11,777,000). On Completion, the Company will hold 82.5% equity interest in XH International Transport.

The Transactions constitute two connected transactions under Chapter 14A of the Listing Rules. The Transactions are subject to, among other things, independent Shareholders' approval by poll at the EGM. The purpose of this circular is to provide the Shareholders with further information on the Transactions and seek your approval of the resolutions set out in the notice of EGM on pages 56 and 57 of this circular. The recommendations of the Independent Board Committee to the independent Shareholders in relation to the Transactions are set out on page 13 of this circular. A copy of the letter from AsiaVest Partners Limited to the Independent Board Committee containing its advice in relation to the terms of the Transactions is set out on pages 14 to 27 of this circular.

(A) EQUITY DISPOSAL AGREEMENT

Date of the Disposal: 8 November 2007

Parties

Vendor: Top China, which is principally engaged in investment holding and is an indirect 75%-owned subsidiary of the Company. It held 70% equity interest in XH Tourism Bus before the Disposal.

Purchaser: GZ Xing Shun, which is principally engaged in investment holding and is 100%-owned by Wang Chen Liang. It is the 30% minority equity holder of XH Tourism Bus before the Disposal and is a connected person of the Company.

General nature of the Disposal

XH Tourism Bus is a company incorporated in Mainland China and is principally engaged in the running of intra-city bus services in Guangzhou city of Mainland China. Before the Disposal, it was held as to 70% by Top China and hence effectively it was an indirect 52.5%-owned subsidiary of the Company.

LETTER FROM THE BOARD

According to the Equity Disposal Agreement entered into between Top China and GZ Xing Shun, Top China agreed to sell all of its 70% equity interest in XH Tourism Bus to GZ Xing Shun. As a consideration of the Disposal, Top China will receive all of the net assets of XH Tourism Bus (save for a piece of Land) at 31 July 2007.

The management of both parties to the Disposal has been engaged in the bus transport industry for many years and is aware of the prevailing pricing of similar asset trade from various informal channels. Based on both parties' knowledge and a preliminary verbal consultation with the independent qualified valuers, the two parties to the Disposal estimates that the market values of the net assets (excluding the Land) and the Land of XH Tourism Bus amount to approximately RMB15,391,000 (equivalent to approximately HK\$17,101,000) and approximately RMB6,596,000 (equivalent to approximately HK\$7,329,000) respectively. The independent qualified valuers have been appointed to perform formal valuations on the net assets (including the total assets and total liabilities) of XH Tourism Bus, including the Land (please refer to the sections headed "Valuation Reports I and II" for the complete valuation reports). As mentioned above, as the parties' estimate is based on market value already, the Directors are of the opinion that the difference between the final results of the valuers and the parties' estimate is insignificant, no adjustment mechanism for the above difference to the consideration has been laid down in the Equity Disposal Agreement. On Completion, the Company will hold no more equity interest in XH Tourism Bus and XH Tourism Bus will cease to be a subsidiary of the Company.

Asset to be disposed of

The asset to be realized is all the 52.5% effective equity interest in XH Tourism Bus of the Company held via Top China. As at 31 July 2007, XH Tourism Bus is running 5 bus routes with approximately 129 operating buses. Its major assets include fixed assets (mainly buses), the Land (with a book value amounting to approximately RMB4,096,000 (equivalent to approximately HK\$4,551,000)) and some inventories (mainly parts), with a book value amounting to approximately RMB40,834,000 (equivalent to approximately HK\$45,371,000) in total. Its major liabilities include bank loans and accounts payable, with a book value amounting to RMB30,675,000 (equivalent to approximately HK\$34,083,000) in total. Its net asset value amount to RMB10,159,000 (equivalent to approximately HK\$11,288,000) and the 52.5% effective equity interest has a net book value of RMB5,333,000 (equivalent to approximately HK\$5,926,000). The difference between the market value and net book value of XH Tourism Bus represents mainly the 5 bus route operating rights, which have not been reflected in XH Tourism Bus's book as intangible assets.

Consideration receivable and the intended application of the sale proceeds

The consideration receivable is all of the net assets of XH Tourism Bus (save for a piece of Land) as at 31 July 2007, which amounts to approximately RMB15,391,000 (equivalent to approximately HK\$17,101,000) at estimated market value. The Group plans to inject the net asset received into the Group's other bus operations in Guangzhou.

LETTER FROM THE BOARD

The consideration of the Disposal was arrived based on Top China's 70% share of all the net assets of XH Tourism Bus (including the Land) as at 31 July 2007 restated at estimated market value. The consideration is negotiated on an arm's length basis and on normal commercial terms between Top China and GZ Xing Shun.

In view of the above, the Directors consider the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

Financial results of XH Tourism Bus for the last two financial years

A summary of the net loss (both before and after taxation and extraordinary items) of XH Tourism Bus under PRC GAAP audited by Guangzhou Mingtong Certified Public Accountants Limited for the two financial years immediately preceding the Disposal is as follows:

	For the year ended 31 December 2006 <i>(RMB'000)</i>	For the year ended 31 December 2005 <i>(RMB'000)</i>
Net loss before taxation and extraordinary items	87	126
Net loss after taxation and extraordinary items	87	126

Conditions precedent

The Completion of the Equity Disposal Agreement is subject to the approval requirements as stipulated in the Listing Rules and the approvals by the relevant local government authorities.

Also, the Equity Disposal Agreement and the Equity Acquisition Agreement (details of which are set out in Section B) are inter-conditional such that each agreement shall be effective if and only if the other agreement is effective at the same time.

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

It is the Board's understanding that the Guangzhou municipal government has been restructuring the whole intra-city bus transport of Guangzhou. XH Tourism Bus, as a smaller-sized privately-owned bus operators as compared to the stated-owned ones, may not enjoy the same preferential policies granted by the Guangzhou municipal government after such restructuring in the future, if it continues to run in its existing form. The sale of the equity interest in XH Tourism Bus will allow the Group to receive directly its net assets in exchange and the Group can inject such net assets into the Group's other bus operations in Guangzhou to achieve synergy.

LETTER FROM THE BOARD

As at 31 July 2007, the net book value of XH Tourism Bus (including the Land) under HK GAAP was approximately RMB10,159,000 (equivalent to approximately HK\$11,288,000). Top China's 70% share of its net book value amounts to approximately RMB7,111,000 (equivalent to approximately HK\$7,901,000). As a result of the Disposal, a gain of approximately RMB8,280,000 (equivalent to approximately HK\$9,200,000) is expected to accrue to Top China. The Company will share approximately RMB6,210,000 (equivalent to approximately HK\$6,900,000) from the above gain and its net asset will increase by the same amount.

Connected relationship

Before the Disposal, GZ Xing Shun was the 30% minority equity holder of XH Tourism Bus, which was an indirect 52.5%-owned subsidiary of the Company. It is a connected person of the Company by virtue of its being a substantial shareholder of XH Tourism Bus and the Disposal constitutes a connected transaction for the Company under chapter 14A of the Listing Rules. As certain of the percentage ratios contemplated in the Disposal as defined in the Listing Rules are more than 2.5% and the total consideration is not less than HK\$10,000,000, the Disposal is subject to, among other things, independent Shareholders' approval by poll at the EGM.

Details of the Disposal will also be included in the Company's next published annual report and accounts.

(B) EQUITY ACQUISITION AGREEMENT

Date of the Acquisition: 8 November 2007

Parties

Purchaser: GZ Gogo TIL, which is principally engaged in investment holding and is 100% indirectly owned by the Company.

Vendor: Wang Chen Liang, who are three Mainland China individuals collectively holding 30% equity interest in XH International Transport before the Acquisition and is a connected person of the Company.

General nature of the Acquisition

XH International Transport is a company incorporated in Mainland China and is principally engaged in the running of long-distance bus services in Guangdong Province of Mainland China. It is held as to 52.5% by GZ Zhong Guan, which is in turn an indirect wholly-owned subsidiary of the Company. Hence before the Acquisition, XH International Transport was an indirect 52.5%-owned subsidiary of the Company.

LETTER FROM THE BOARD

According to the Equity Acquisition Agreement entered into among GZ Gogo TIL, Wang Chen Liang, and GZ Zhong Guan, GZ Gogo TIL agreed to acquire 30% equity interest in XH International Transport from Wang Chen Liang, for a cash consideration of RMB10,600,000 (equivalent to approximately HK\$11,777,000). On Completion, the Company will hold 82.5% equity interest in XH International Transport.

Asset to be acquired

The asset to be acquired is the 30% equity interest in XH International Transport. As at 31 July 2007, XH International Transport is running 6 bus routes with approximately 35 operating buses. Its major assets include fixed assets (which comprise mainly buses), route operating rights and accounts receivable, which amount to RMB28,791,000 (equivalent to approximately HK\$31,990,000) in total; while its major liabilities include deposits received and accruals, which amount to RMB2,122,000 (equivalent to HK\$2,358,000) in total. Hence its net asset value amounts to RMB26,669,000 (equivalent to HK\$29,632,000) and the 30% equity interest has a net book value of RMB8,001,000 (equivalent to HK\$8,890,000). Before the acquisition, XH International Transport was consolidated into the Company's book as to 52.5% equity interest. After the Acquisition, XH International Transport will continue to be consolidated as a subsidiary, but as to 82.5% equity interest.

Consideration payable

The consideration is payable in cash by three instalments: RMB1,000,000 was paid upon signing of the Equity Acquisition Agreement; RMB4,000,000 is payable within 10 days after the application for changes in business registration regarding the Acquisition has been properly filed; and the remaining balance is payable immediately after the changes in business registration and the relevant transfer procedures has been completed. The whole consideration will be sourced from the Group's internal working capital.

The management of both parties to the Acquisition has been engaged in the bus transport industry for many years and is aware of the prevailing pricing of similar asset trade from various informal channels. Based on both parties' knowledge and a preliminary verbal consultation with the independent qualified valuers, the market value of XH International Transport amounts to approximately RMB35,333,000 (equivalent to approximately HK\$39,259,000) as at 31 July 2007. The consideration of the Acquisition was arrived based on 30% share of the market value of XH International Transport. The independent qualified valuers have been appointed to perform formal valuations on the net assets (including the total assets and total liabilities) of XH International Transport (please refer to the section headed "Valuation Report II" for the complete valuation report). As mentioned above, as the parties' estimate is based on market value already, the Directors are of the opinion that the difference between the final results of the valuers and the parties' estimate is insignificant, no adjustment mechanism for the above difference to the consideration has been laid down in the Equity Acquisition Agreement. The difference between the market value and net book value of XH International Transport represents mainly an upward revaluation of its 6 bus route operating rights from their net book value, which is recorded at historical cost.

LETTER FROM THE BOARD

The consideration is negotiated on an arm's length basis and on normal commercial terms between GZ Gogo TIL and Wang Chen Liang. In view of the above, the Directors consider the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

Financial results of XH International Transport for the last two financial years

A summary of the share of 30% of the net loss (both before and after taxation and extraordinary items) of XH International Transport under PRC GAAP audited by Guangzhou Mingtong Certified Public Accountants Limited for the two financial years immediately preceding the Acquisition is as follows:

	For the year ended 31 December 2006 <i>(RMB'000)</i>	For the year ended 31 December 2005 <i>(RMB'000)</i>
Net loss before taxation and extraordinary items	156	291
Net loss after taxation and extraordinary items	156	291

Conditions precedent

The Completion of the Equity Acquisition Agreement is subject to the approval requirements as stipulated in the Listing Rules and the approvals by the relevant local government authorities. The Equity Acquisition Agreement and the Equity Disposal Agreement are inter-conditional such that each agreement shall be effective if and only if the other agreement is effective at the same time.

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

It is expected that the number of highways in Guangdong Province, as well as its population, will continue to grow at speed. Long-distance bus transport, with a higher profit margin but less government restriction on fares as compared with intra-city bus transport, has much potential for development. Also, the 2010 Asian Games to be held at Guangzhou will bring about millions of visitors to Guangdong Province and will create great demand for long-distance bus transport. Further, the Group has other long-distance bus operations in Guangdong Province already and synergy can be obtained through further merge in operations in the future.

As at 31 July 2007, the net book value of XH International Transport under HK GAAP was approximately RMB26,669,000 (equivalent to approximately HK\$29,632,000). Wang Chen Liang's original 30% share of the net book value amounted to approximately RMB8,001,000 (equivalent to approximately HK\$8,890,000). The excess of Acquisition cost (i.e. the premium) over the share of net book value amounts to RMB2,599,000 (equivalent to approximately HK\$2,888,000), or 32.5%. There is no net effect on the Company's earnings or assets and liabilities upon the Acquisition.

LETTER FROM THE BOARD

Connected relationship

Before the Acquisition, Wang Chen Liang was the 30% minority equity holder of XH International Transport, which was an indirect 52.5%-owned subsidiary of the Company. It is connected person of the Company by virtue of its being a substantial shareholder of XH International Transport and the Acquisition constitutes a connected transaction for the Company under chapter 14A of the Listing Rules.

According to rules 14A.25 and 14A.26(1) of the Listing Rules, the Acquisition and Disposal should be aggregated and treated as if they were one transaction owing to the following reasons:

1. the Transactions are inter-conditional as explained above; and
2. the Transactions are entered into by the Company with parties connected (GZ Xing Shun is 100% owned by Wang Chen Liang).

Though each of the percentage ratios contemplated in the Acquisition as defined in the Listing Rules is less than 2.5%, according to rule 14.24 of the Listing Rules, in the case of a transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition or disposal. Hence the Acquisition is also subject to, among other things, independent Shareholders' approval by poll at the EGM.

Details of the Acquisition will also be included in the Company's next published annual report and accounts

EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 56 to 57 of this circular. At the EGM, resolutions will be proposed to approve the Transactions. No Shareholder need to abstain from voting at the EGM.

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 (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 office of the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806-7, 18th 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 you from attending and voting at the EGM if you so wish.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 13 of this circular which contains the recommendations of the Independent Board Committee to the independent Shareholders regarding the resolutions to approve the Transactions and (ii) the letter from AsiaVest Partners Limited set out on pages 14 to 27 of this circular which contains its recommendations to the Independent Board Committee in respect of the Transactions and the principal factors and reasons considered by AsiaVest Partners Limited in arriving at its recommendations.

The Independent Board Committee, having taken into account the advice of AsiaVest Partners Limited, considers that the terms of the Transactions are fair and reasonable so far as the independent Shareholders are concerned and that the Transactions are in the interests of the Company and the independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transactions.

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



KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 306)

7 April 2008

To the independent Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTIONS
DISPOSAL OF 52.5% EFFECTIVE EQUITY INTEREST IN
XH TOURISM BUS AND
ACQUISITION OF 30% EQUITY INTEREST IN
XH INTERNATIONAL TRANSPORT**

We have been appointed as members of the Independent Board Committee to advise the independent Shareholders in respect of the Transactions, details of which are set out in the letter from the Board in the circular dated 7 April 2008 (the “Circular”) to the Shareholders. Unless the context otherwise requires, expressions defined in the Circular shall have the same meanings when used in this letter.

Having taken into account the advice of AsiaVest Partners Limited, we consider the terms of the Transactions to be fair and reasonable so far as the interests of the independent Shareholders are concerned. Accordingly, we recommend the independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM to approve the Transactions.

Yours faithfully,

Chan Bing Woon, SBS, JP

Sung Yuen Lam

Lee Kwong Yin, Colin

Independent Board Committee

* For identification purposes only

LETTER FROM ASIAVEST PARTNERS LIMITED

The following is the text of the letter of advice from AsiaVest to the Independent Board Committee and the independent Shareholders in respect of the Transactions for inclusion in this circular.

AsiaVest Partners

AsiaVest Partners Limited

AsiaVest Partners Limited
Room 2605, Universal Trade Centre,
3 Arbuthnot Road, Central,
Hong Kong

7 April 2008

To the Independent Board Committee
and the independent Shareholders of
Kwoon Chung Bus Holdings Limited

Dear Sirs/Madams,

CONNECTED TRANSACTIONS DISPOSAL OF 52.5% EFFECTIVE EQUITY INTEREST IN GFTZ XING HUA TOURISM BUS CO. LTD. (“XH TOURISM BUS”) AND ACQUISITION OF 30% EQUITY INTEREST IN GFTZ XING HUA INTERNATIONAL TRANSPORT LTD. (“XH INTERNATIONAL TRANSPORT”)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders of the Company in respect of Transactions in relation to the Disposal of equity interest in XH Tourism Bus and Acquisition of equity interest in XH International Transport, particulars of which are set out in the “Letter from the Board” (the “Letter”) contained in the circular of the Company dated 7 April 2008 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Company announced on 8 November 2007, issued on 15 November 2007 that the Company through an indirect 75%-owned subsidiary, Top China, and two indirect wholly-owned subsidiaries GZ Gogo TIL and GZ Zhong Guan, entered into an Equity Disposal Agreement and an Equity Acquisition Agreement respectively.

According to the Equity Disposal Agreement entered into between Top China and GZ Xing Shun (the 30% minority equity holder of XH Tourism Bus and a connected person of the Company), Top China agreed to sell all of its 70% equity interest in XH Tourism Bus to GZ Xing Shun. As a consideration of the Disposal, Top China will receive all of the net assets of XH Tourism Bus (save for a piece of Land located at Donghui Square of Guangzhou Development Zone including the buildings thereon) as at 31 July 2007, which is estimated to have a market value of approximately RMB15,391,000 (equivalent to approximately HK\$16,201,000). On Completion, the Company will hold no more equity interest in XH Tourism Bus.

LETTER FROM ASIAVEST PARTNERS LIMITED

According to the Equity Acquisition Agreement entered into among GZ Gogo TIL, Wang Chen Liang (the 30% minority equity holder of XH International Transport and a connected person of the Company), and GZ Zhong Guan, GZ Gogo TIL agreed to acquire 30% equity interest in XH International Transport, a 52.5%-owned subsidiary of GZ Zhong Guan, from Wang Chen Liang, for a cash consideration of RMB10,600,000 (equivalent to approximately HK\$11,158,000). On Completion, the Company will hold 82.5% equity interest in XH International Transport.

The Transactions constitute two connected transactions under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Chan Bing Woon, SBS, JP, Sung Yuen Lam and Lee Kwong Yin, Colin, all of whom are independent non-executive Directors, has been formed to advise the independent Shareholders as to whether the terms of the Transactions are fair and reasonable so far as the independent Shareholders are concerned and whether the terms of the Transactions are in the interest of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Shareholders as to whether the terms of the Agreements are fair and reasonable so far as the Shareholders are concerned and are on normal commercial terms and whether the entering into of the Agreements is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the statements, information, opinions, representations and facts supplied to us by the Company and its advisers. We have assumed that all information and representations contained or referred to in the Circular or otherwise supplied to us by the Company were true at the time they were made and continue to be true as at the date of the Circular. We have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth and accuracy of the information and facts provided to us. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our review and analyses were based upon the information provided by the Company which include, among others, (i) the Agreements; (ii) the annual reports of the Company for two years ended 31 March 2006 and 31 March 2007; (iii) the audited reports of the two subsidiaries for the three years ended 31 December 2004, 2005 and 2006, which were prepared by Guangzhou Mingtong Certified Public Accountants Limited, (iv) adjustments to the audited reports of the two subsidiaries to conform with HK GAAP (v) the announcement of the Company dated 15 November 2007 in relation to the Transactions; (vi) the valuation report (the "Valuation Report – Land") of the property issued by Guangdong Zhengsen Asset Appraisal & Real Estate Company Ltd (廣東正森資產評估與房地產評估有限公司) dated 7 April 2008 in respect of the Land value, and (vii) the valuation report in

LETTER FROM ASIAVEST PARTNERS LIMITED

respect of (a) 30% equity interest in XH International Transport and (b) 100% interest in the assets of XH Tourism Bus, excluding a piece of Land located at Donghui square of Guangzhou Development Zone including the building thereon prepared by Savills Valuation and Professional Services Limited dated 7 April 2008.

We consider that we have been provided with sufficient information to reach an informed view regarding the terms of the Agreements, and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our recommendations. We have no reason to suspect that the Company has withheld any relevant information. We have not, however, carried out any independent verification of the information, nor have we conducted any form of investigation into the businesses, operational aspects, financial standing and affairs of the Group or the equipment to be acquired by the Group and the physical status of the land being disposed of by the Group.

Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of, the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

PRINCIPAL FACTORS CONSIDERED

Information on the Group

The Group is principally engaged in investment holdings with subsidiaries and joint ventures operations in the following areas: (i) non-franchised bus services in Hong Kong; (ii) franchised bus services in Hong Kong, (iii) bus services in Mainland China, (iv) tour and hotel services, (“collectively defined as bus services”).

As disclosed in the annual report of the Company for the financial year ended 31 March 2007, the Group’s turnover was approximately HK\$1,978 million, representing an approximately 8% increase from approximately HK\$1,831 million for the financial year ended 31 March 2006. The Consolidated net profit for the year was approximately HK\$32.8 million. This represents an increase of approximately ten times from that for the year ended 31 March 2006 of approximately HK\$2.9 million. The Group derived its revenue and profit mainly from the provision of bus and tour services in Hong Kong and Mainland China.

We noted from the Chairman Statement of the Company for the year ended 31 March 2007, stating that because of the local governments of Mainland China regard public transport in the city as a necessity for the citizens, therefore, profit making is not their prime objective. In light of such circumstances, the Group will look for alternative operating strategies to improve on the competitiveness and profitability of the Group. The divestment contemplated as stated in the following would be in line with the business focus that the Group intends to pursue in the future.

Background to and reasons for the Transactions

Background information of the Top China

As at 31 March 2007, Top China, a 75% owned subsidiary of the Group was holding 70% equity interest in each.

- (i) XH International Transport, and in pursuant to the Equity Acquisition Agreement as described in the following, upon completion, the Company will hold 80.5% equity interest in XH International Transport;
- (ii) XH Tourism Bus, and in pursuant to the Equity Disposal Agreement as described in the following, upon completion, the Company will hold no more equity interest in XH Tourism Bus;
- (iii) GFTZ Guang Bao Transport Co. Ltd., whereby the equity interest remains unchanged after the transactions.

As at 31 March 2007, Top China and its subsidiaries were operating 15 routes with a fleet of 166 buses, providing long-distance transport within Guangdong Province and city transport in Guangzhou Municipal. The share of profit attributable to the Shareholders of the Company for the year ended 31 March 2007 from Top China and its subsidiaries was approximately HK\$742,000. The improvement in the performance of the long-distance routes had raised the equity joint-venture's profit margin.

(I) Disposal

Information of the Equity Disposal Agreement

General nature of the Disposal

XH Tourism Bus is a company incorporated in Mainland China and is principally engaged in the running of intra-city bus services in Guangzhou city of Mainland China. Before the Disposal, it was held as to 70% by Top China and hence effectively it was an indirect 52.5% owned subsidiary of the Company.

According to the Equity Disposal Agreement entered into between Top China and GZ Xing Shun, Top China agreed to sell all of its 70% equity interest in XH Tourism Bus to GZ Xing Shun. As a consideration of the Disposal, Top China will receive all of the net assets of XH Tourism Bus (save for a piece of Land) at 31 July 2007.

The management of both parties to the Disposal has been engaged in the bus transport industry for many years and is aware of the prevailing pricing of similar asset trade from various informal channels. Based on both parties' knowledge and a preliminary verbal consultation with an independent professional valuer, the two parties to the Disposal estimates that the market values of the net assets (excluding the Land) and the standalone Land value of XH Tourism

LETTER FROM ASIAVEST PARTNERS LIMITED

Bus amount to approximately RMB15,391,000 (equivalent to approximately HK\$16,201,000) and approximately RMB6,596,000 (equivalent to approximately HK\$6,943,000) respectively. The independent professional valuer has been appointed to perform formal valuations on the net assets (including the total assets and total liabilities) including the operating rights of the 5 bus routes of XH Tourism Bus. As mentioned above, as the parties' estimate is based on market value already, the Directors are of the opinion that any difference between the final results of the valuer and the parties' estimate will be insignificant, no adjustment mechanism for the above difference to the consideration has been laid down in the Equity Disposal Agreement. On Completion, the Company will hold no more equity interest in XH Tourism Bus and XH Tourism Bus will cease to be a subsidiary of the Company.

Asset to be disposed of

The asset to be realized is all the 52.5% effective equity interest in XH Tourism Bus of the Company held via Top China. As at 31 July 2007, XH Tourism Bus is running 5 bus routes with approximately 129 operating buses. Its major assets include fixed assets (mainly buses), the Land (with a book value amounting to approximately RMB4,096,000 (equivalent to approximately HK\$4,312,000) and some inventories (mainly parts), with a book value amounting to approximately RMB40,834,000 (equivalent to approximately HK\$42,983,000) in total before adjusting to the HK GAAP. Its major liabilities include bank loans and accounts payable, with a book value amounting to RMB30,675,000 (equivalent to approximately HK\$32,289,000) in total. Its net asset value amount to RMB10,159,000 (equivalent to approximately HK\$10,694,000) and the 52.5% effective equity interest has a net book value of RMB5,333,000 (equivalent to approximately HK\$5,614,000).

Consideration receivable and the intended application of the sale proceeds

The consideration receivable is all of the net assets of XH Tourism Bus (save for a piece of Land) as at 31 July 2007, which amounts to approximately RMB15,391,000 (equivalent to approximately HK\$16,201,000) at estimated market value. The Group plans to inject the net asset received into the Group's other bus operations in Guangzhou.

The consideration of the Disposal was arrived based on Top China's 70% share of all the net assets of XH Tourism Bus (including the Land) as at 31 July 2007 restated at estimated market value. The consideration is negotiated on an arm's length basis and on normal commercial terms between Top China and GZ Xing Shun.

In view of the above, the Directors consider the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM ASIAVEST PARTNERS LIMITED

Financial results of XH Tourism Bus for the last two financial years

A summary of the net loss (both before and after taxation and extraordinary items) of XH Tourism Bus under PRC GAAP audited by Guangzhou Mingtong Certified Public Accountants Limited for the two financial years immediately preceding the Disposal is as follows:

	For the year ended For the year ended 31 December 2006 (RMB'000)	For the year ended For the year ended 31 December 2005 (RMB'000)
Net loss before taxation and extraordinary items	87	126
Net loss after taxation and extraordinary items	87	126

Conditions precedent

The Completion of the Equity Disposal Agreement is subject to the approval requirements as stipulated of the Listing Rules and the approvals by the relevant local government authorities.

Also, the Equity Disposal Agreement and the Equity Acquisition Agreement (details of which are disclosed) including those inter-conditional such that each agreement shall be effective if and only if the other agreement is effective at the same time.

Connected relationship

Before the Disposal, GZ Xing Shun was the 30% minority equity holder of XH Tourism Bus, which was an indirect 52.5%-owned subsidiary of the Company. It is connected person of the Company by virtue of its being a substantial shareholder of XH Tourism Bus and the Disposal constitutes a connected transaction for the Company under chapter 14A of the Listing Rules. As certain of the percentage ratios contemplated in the Disposal as defined in the Listing Rules are more than 2.5% and the total consideration is not less than HK\$1,000,000, the Disposal is subject to, among other things, independent Shareholders' approval requirements.

Basis of consideration for the Disposal

Business environment

As advised by the Directors, the consideration for the Disposal and exchange Transaction was negotiated on an arm's length basis and on normal commercial terms between the contracted parties.

LETTER FROM ASIAVEST PARTNERS LIMITED

The reason for the Disposal was stated by the Directors and also in the Company's annual report in respect of the demand for improved services of local bus routes in the Guangdong Province of the PRC. It would be beneficial to include the consolidation of certain routes and improvements on the revenue yield on those routes being maintained by the Company, which was the intention of the transaction. We have confirmed such government directives with the policies and public information promulgated by provincial transport agency that in November 2007, the City has restructured completely the State owned bus companies' operation by consolidating Guangzhou's 14 bus companies into 3.

Based on such proclamation and restructuring, we are of the opinion that in view of the prospects for the long-distance routes are more favorable as compared to the domestic routes, the decision to retained the bus assets and the existing routes and look for alternatives to improve yield for these assets is in the interests of the Company and independent Shareholders as a whole.

Financial consideration of the Disposal

The value of the consideration is based on the following:

XH Tourism Bus

RMB'000

Net asset value per book of the enterprise for the year ended

31 December 2006 after adjusting for compliance to the HK GAAP	10,159
30% attributable to minority shareholders	3,048
70% attributable to Company	7,111

Asset value per re-valuation by a firm of registered valuer in the PRC

Land value attributable to XH Tourism Bus	6,596
Equipment value of XH Tourism Bus	15,391
Total enterprise value, equity joint-venture	21,987
30% attributable to minority shareholders	6,596
70% attributable to Company	15,391

For the past two years, XH Tourism Bus registered approximately losses after tax of RMB126,000 (2005) and RMB87,000 (2006) respectively. It is therefore not appropriate to comment on the determination of the consideration using the price-earning ratio. The Company had commissioned the service of Guangdong Zhengsen Asset Appraisal & Real Estate Company Ltd (廣東正森資產評估與房地產評估有限公司), a registered valuation firm in the Guangdong Province ("collectively called Valuers") to determine the buses and accessories acquired and the market value of the Land portion of the enterprise, XH Tourism Bus.

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The report provided (per Appendix I) indicate an aggregate value of RMB21,987,000 by using market comparables for the Land valuation and the replacement cost valuation methodology, after deducting of appropriate rates for depreciation and amortisation for those used vehicles. The considerations given for the settlement of the Disposal and the exchange are similar to the appraised values.

Based on the valuation report of the professional firm from the PRC, we consider that the considerations given to the Disposal are well supported, fair and reasonable and, the terms concluded are for the interest of the shareholders as a whole.

An additional valuation report prepared by the Savills Valuation and Professional Services Limited was commissioned by the Company to provide additional opinion of the 100% interest in XH Tourism Bus excluding a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon by adopting the income approach technique known as discounted cash flow method to assess the market value. The report from Savills Valuation and Professional Services Limited "Savills" dated 7 April 2008 gave a market value of the 100% of XH Tourism Bus as at 31 July 2007 was reasonable stated by the amount of RMB15,584,000 (equivalent to approximately HK\$16,299,306) (per Appendix II). Based on the above analysis, we consider that the consideration given to the Disposal is fair, reasonable and the terms concluded are for the interest of the shareholders as a whole.

Summary of financial impact to the Group as a result of the Disposal

The turnover of the disposed entity, XH Tourism Bus for the year ended 31 December 2006 was only approximately 2.8% of the Group turnover as reported in the consolidated financial statements for the year ended 31 March 2007. The impact of this Disposal to the Group's overall financial results is negligible, especially that XH Tourism Bus recorded a loss of approximately RMB87,000 (equivalent to approximately HK\$91,000) as compared to the Company's profit of HK\$32.8 million.

Based on the analysis as disclosed above and past transactions of the Company, we concur with the Directors that the most appropriate methodology to determine the payment consideration is by reference to the market valuation reports as prepared by the independent firms of Valuers for the purpose of this Disposal and the value received is in excess of the net book value of approximately RMB10,159,000. Accordingly, the Equity Disposal Agreement and the terms therein, including the exchange consideration, are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the listed issuers and its shareholders as a whole.

(II) Acquisition

Information of the Equity Acquisition Agreement

General nature of the Acquisition

XH International Transport is a company incorporated in Mainland China and is principally engaged in the running of long-distance bus service in Guangdong Province of Mainland China. It is held as to 52.5% by GZ Zhong Guan, which is in turn an indirect wholly-owned subsidiary of the Company. Hence before the Acquisition, XH International Transport was an indirect 52.5%-owned subsidiary of the Company.

According to the Equity Acquisition Agreement entered into among GZ Gogo TIL, Wang Chen Liang, and GZ Zhong Guan, GZ Gogo TIL agreed to acquire 30% equity interest in XH International Transport from Wang Chen Liang, for a cash consideration of RMB10,600,000 (equivalent to approximately HK\$11,158,000). On Completion, the Company will hold 82.5% equity interest in XH International Transport.

Asset to be acquired

The asset to be acquired is the 30% equity interest in XH International Transport. As at 31 July 2007, XH International Transport is running 6 bus routes with approximately 35 operating buses. Its major assets include fixed assets (which comprise mainly buses), route operating rights and accounts receivable, which amount to RMB28,791,000 (equivalent to approximately HK\$30,306,000) in total; while its major liabilities include deposits received and accruals, which amount to RMB2,122,000 (equivalent to HK\$2,233,000) in total. Hence its net asset value amounts to RMB26,669,000 (equivalent to HK\$28,073,000) and the 30% equity interest has a net book value of RMB8,001,000 (equivalent to HK\$8,422,000). Before the acquisition, XH International Transport was consolidated into the Company's book as to 52.5% equity interest. After the Acquisition, XH International Transport will continue to be consolidated as a subsidiary, but as to 82.5% equity interest.

Consideration payable

The consideration is payable in cash by three installments: RMB1,000,000 was paid upon signing of the Equity Acquisition Agreement; RMB4,000,000 is payable within 10 days after the application for changes in business registration regarding the Acquisition has been properly filed; and the remaining balance of RMB3,600,000 is payable immediately after the changes in business registration and the relevant transfer procedures has been completed. The whole consideration will be sourced from the Group's internal working capital.

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The management of both parties to the Acquisition has been engaged in the bus transport industry for many years and is aware of the prevailing pricing of similar asset trade from various informal channels. Based on both parties' knowledge and a preliminary verbal consultation with the independent professional valuer, the market value of XH International Transport amounts to approximately RMB35,333,000 (equivalent to approximately HK\$37,193,000) as at 31 July 2007. The consideration of the Acquisition was arrived based on 30% share of the market value of XH International Transport. The independent professional valuer has been appointed to perform formal valuations on the net assets (including the total assets and total liabilities) of XH International Transport. As mentioned above, as the parties' estimate is based on market value already, the Directors are of the opinion that any difference between the final results of the valuer and the parties' estimate will be insignificant, no adjustment mechanism for the above difference to the consideration has been laid down in the Equity Acquisition Agreement. The difference between the market value and net book value of XH International Transport represents mainly an upward revaluation of its 6 bus route operating rights from their net book value, which is recorded at no historical cost.

The consideration is negotiated on an arm's length basis and on normal commercial terms between GZ Gogo TIL and Wang Chen Liang. In view of the above, the Directors consider the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

Financial results of XH International Transport for the last two financial years

A summary of the share of 30% of the net loss (both before and after taxation and extraordinary items) of XH International Transport under PRC GAAP audited by Guangzhou Mingtong Certified Public Accountants Limited for the two financial years immediately preceding the Acquisition is as follows:

	For the year ended 31 December 2006 (RMB'000)	For the year ended 31 December 2005 (RMB'000)
Net loss before taxation and extraordinary items	156	291
Net loss after taxation and extraordinary items	156	291

Conditions precedent

The Completion of the Equity Acquisition Agreement is subject to the approval requirements as stipulated in the Listing Rules and the approvals by the relevant local government authorities. The Equity Acquisition Agreement and the Equity Disposal Agreement are inter-conditional such that each agreement shall be effective if and only if the other agreement is effective at the same time.

LETTER FROM ASIAVEST PARTNERS LIMITED

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

It is expected that the number of highways in Guangdong Province, as well as its population, will continue to grow at speed. Long-distance bus transport, with a higher profit margin but less government restriction on fares as compared with intra-city bus transport, has much potential for development. Also, the 2010 Asian Games to be held at Guangzhou will bring about millions of visitors to Guangdong Province and will create great demand for long-distance bus transport. Further, the Group has other long-distance bus operations in Guangdong Province already and synergy can be obtained through further merge in operations in the future.

As at 31 July 2007, the net book value of XH International under HK GAAP was approximately RMB26,669,000 (equivalent to approximately HK\$28,073,000). Wang Chen Liang's original 30% share of the net book value amounted to approximately RMB8,001,000 (equivalent to approximately HK\$8,422,000). The excess of Acquisition cost (i.e. the premium) over the share of net book value amounts to RMB2,599,000 (equivalent to approximately HK\$2,736,000), or 32.5%. There is no net effect on the Company's earnings or assets and liabilities upon the Acquisition.

Connected relationship

Before the Acquisition, Wang Chen Liang was the 30% minority equity holder of XH International Transport, which was an indirect 52.5%-owned subsidiary of the Company. It is connected person of the Company by virtue of its being a substantial shareholder of XH International Transport and the Acquisition constitutes a connected transaction for the Company under chapter 14A of the Listing Rules.

According to rules 14A.25 and 14A.26(1) of the Listing Rules, the Acquisition and Disposal should be aggregated and treated as if they were one transaction owing to the following reasons:

1. the Transactions are inter-conditional as explained above; and
2. the Transactions are entered into by the Company with parties connected (GZ Xing Shun is 100% owned by Wang Chen Liang).

Though all of the percentage ratios contemplated in the Acquisition as defined in the Listing Rules are less than 2.5% but the total consideration is not less than HK\$1,000,000, the Acquisition is subject to, among other things, independent Shareholders' approval requirement.

Basis of consideration for the Acquisition

Based on official announcements published by listed companies in Hong Kong, we have carried out research on the market statistics for the transport sector and have identified three companies which fall under this sector, involving the carrying on business under of transport related category in Hong Kong and Mainland China of listed entities ("the Comparables"). The research was carried out by

LETTER FROM ASIAVEST PARTNERS LIMITED

AsiaVest by reviewing the operations of those Issuers that are listed on the Stock Exchange of Hong Kong, having similar business natures. AsiaVest did not research on private companies' information. The Comparables selected also include one suspended Issuer, Argos Enterprise (Holdings) Limited, (8022). Due to its suspension, it was not included as Comparables. We considered having carried out our best endeavors to select meaningful Comparables. However, we do not guarantee that the Comparables represent a complete list of listed companies under the similar sector in Hong Kong or in Mainland China during the time period specified above. We set out below details of the Comparables for comparison purposes:

Company	Business Scope	Market Value <i>HK\$'000,000</i>	Turnover as per the latest audited financial statements <i>HK\$'000,000</i>	P/S Ratio
Transport Int'l Holdings Ltd (062)	A leading public transport operator in Hong Kong and in selected cities across the Mainland China	15,883	8,704	1.82x
NWS Holdings Ltd (659)	NWS Holdings Ltd has diversified services ranging from bus and ferry transportation	53,579	15,047	3.56x
AMS Public Transport Holdings Limited (077)	AMS is mainly engaged in the operation of green minibus routes and the provision of public light bus related services in Hong Kong	348	363	0.96x

Note: Basis of calculation of P/S ratio:
market value as at 8 Nov 2007 and Sales as recorded on the latest audited financial statements.

Business consideration

As stated in the annual report for the year ended 31 March 2007, the adjustment of the bus fares of the long-distance routes is relatively easier than the fares of city routes. The Directors also indicated that the profit margins of these routes are better too. The Company will explore the possibility of strengthening long-distance public bus services in the future.

Based on such rationale, and as explained by the Directors, the expansion in this sector as contemplated in this Acquisition of securing greater controlling shares of XH International Transport to 80% would offer much potential for development. Also, the 2010 Asian Games to be held at Guangzhou will bring substantial numbers of visitors to Guangdong Province and will create great demand for long-distance bus transport.

Financial consideration

General consideration

According to the financial report of XH International Transport, the results of the past two years were of losses and therefore, we do not consider the usage of price-earning valuation method is appropriate for the recommendation.

In order to determine the appropriate of the transaction price, we make comparison to the Comparables stated above to assess whether the valuation benchmark of Price/Sales proposed for the Transaction is fair and reasonable. We noticed that the price for the cash consideration of RMB10.6 million translates to an enterprise value for XH International Transport of approximately RMB35 million. Based on this value, the Price/Sales ratio of 2.12 times was recorded. We considered that such ratio is well in line with the industry Comparables which has a Price/Sales ratio ranges from 0.96 times to 3.56 times and an average of 2.11 times.

The Company has further retained a Hong Kong firm of surveyors, Savills Valuation and Professional Services Limited (Savills) to provide an indicative market value of the 30% interest of XT International Transport. Based on the investigation and analysis stated in Savills' report, the market value of 30% equity interest in XH International Transport at the valuation date was RMB10,882,000.

Based on the above analysis of Comparables and independent valuations, we are of the opinion that the consideration for the Acquisition of RMB10.6 million is in line with 30% of the appraised value of XH International Transport of approximately RMB35 million and the business valuation from Savills of HK\$10,882,000 and therefore, is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the listed issuer and its Shareholders as a whole.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, including the professionally prepared valuation reports, we would like to draw your attention to the following key factors in arriving at our recommendation:

- (i) the market prospect of the Mainland China transport sector, particularly in terms of long-distance route verses intra-city routes and the demand for improved services;
- (ii) the respective fair market value of the assets acquired and disposed of based on market conditions;

LETTER FROM ASIAVEST PARTNERS LIMITED

- (iii) the terms of the Agreements which provides a basis of exchange between parties and are negotiated under normal commercial terms;
- (iv) the financial impacts of the Agreements to the Group which is of minimum in view of the amount involved;
- (v) the valuation reports issued by Guangdong Zhengsen Asset Appraisal & Real Estate Company Ltd. (廣東正森資產評估與房地產評估有限公司) as set out in Appendix I, of the Circular which was carried out independently and professionally; and
- (vi) the valuation report issued by Savills Valuation and Professional Services Limited of Hong Kong, the PRC, the purpose of which is to express an independent opinion of the market value of 30% equity interest in XH International Transport and 100% interest in XH Tourism Bus excluding a piece of land located at Donghui square of Guangzhou Development Zone as at the valuation date for sales and acquisition purpose, details as set out in Appendix II of the Circular.

We consider the terms of the Agreements are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the independent Shareholders to vote in favour of the resolutions to the Transactions to be approved at the EGM.

Yours faithfully,
For and on behalf of
AsiaVest Partners Limited
Raymond Lo
Managing Partner



KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 306)

7 April 2008

To the Shareholders

Dear Sir/Madam,

I refer to the profit forecast of the net assets of XH Tourism Bus (excluding the Land) and XH International Transport made by us and provided to our business valuers, Savills Valuation and Professional Services Limited, for their preparation of a valuation report, which has been set out in the section headed "Valuation Report II".

BASES AND ASSUMPTIONS

We have prepared the profit forecast on a basis consistent in all material respects with the accounting policies we have previously adopted.

We have made the following principal assumptions in the preparation of the profit forecast:

- (i) There will be no material change in the existing political, legal (including changes in legislation, regulations or rules), fiscal or economic conditions in the PRC, Hong Kong, or any of the countries in which the Group operates or in which the Group's companies are incorporated or registered;
- (ii) There will be no material changes in the bases or rates of taxation or duties in any of the countries in which the Group operates or in which the Group's companies are incorporated or registered;
- (iii) There will be no government action or industrial disputes for reasons that are beyond the control of the Directors which will materially affect the operations and results of the Group;

* *For identification purposes only*

LETTER FROM THE BOARD IN RELATION TO PROFIT FORECAST

- (iv) There will be no material adverse changes in inflation rates, interest rates or foreign currency exchanges rates from those currently prevailing. The PRC Government will continue to adopt moderate macroeconomic and monetary policies, in order to maintain a consistent rate of economic growth.

We confirm that the profit forecast has been made by us after due and careful enquiry.

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

LETTER FROM REPORTING ACCOUNTANTS



7 April 2008

The Board of Directors
Kwoon Chung Bus Holdings Limited
3/F., 8 Chong Fu Road
Chai Wan
Hong Kong

Dear Sirs,

We have examined the calculations of the business valuation (the “Valuation”) dated 7 April 2008 prepared by Savills Valuation and Professional Services Limited (the “Valuer”) in respect of the appraisal of the market values of 30% equity interest in GFTZ Xing Hua International Transport Ltd (“XH International Transport”) and 100% interest in GFTZ Xing Hua Tourism Bus Co. Ltd (“XH Tourism Bus”) excluding a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon as at 31 July 2007 as set out in Appendix II of the circular of Kwoon Chung Bus Holdings Limited (“the Company”) dated 7 April 2008 (the “Circular”).

The Valuation, including the bases and assumptions as set out in Appendix II of the Circular, for which the directors of XH International Transport and XH Tourism Bus respectively, the Company and the Valuer are responsible, has been prepared through the application of the income approach technique known as the discounted cash flow method. Pursuant to paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any valuation of assets (other than land and buildings) or businesses acquired by a listed issuer based on discounted cash flows or projections of profits, earnings or cash flows will be regarded as a profit forecast adopted for the purpose of preparing the Valuation. The profit projection of the business enterprises of XH International Transport and XH Tourism Bus for the 5 years (the “Profit Forecast”), of which the directors of XH International Transport and XH Tourism Bus respectively and the Company are jointly responsible for, has been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur. Consequently, readers are cautioned that the Profit Forecast may not be appropriate for purposes other than for deriving the Valuation of XH International Transport and XH Tourism Bus as at 31 July 2007. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to be different from the Profit Forecast since the other anticipated events may or may not occur as expected.

LETTER FROM REPORTING ACCOUNTANTS

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” with reference to the procedures under Auditing Guideline 3.341 “Accountants’ Report on Profit Forecasts” issued by the Hong Kong Institute of Certified Public Accountants. Our work was performed solely to assist the directors of the Company to evaluate whether the Profit Forecast was complied properly so far as the accounting policies that have been used and the related calculations are concerned. We have reviewed and compared the accounting policies underlying the Profit Forecast with the accounting policies normally adopted by the Company and its subsidiaries (the “Group”). We found that the accounting policies are consistent with those accounting policies normally adopted by the Group. Our work does not constitute any valuation of XH International Transport and XH Tourism Bus and we were unable to obtain sufficient appropriate evidence to evaluate or express any opinion on the appropriateness of the bases and assumptions made.

In our opinion, the Profit Forecast, so far as the calculations are concerned, has been properly complied in accordance with bases and assumptions adopted by the directors of the Company, XH International Transport and XH Tourism Bus respectively in preparing the Profit Forecast and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group.

In performing our duties in the subject matter, subject to the industry standards of which we are a member, we accept no liability to any other party who is shown or gains access to this letter.

Tony C. M. Yau & Company
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Guangdong Zhengsen, independent property valuers, in connection with its valuation of the property interest to be disposed of by the Company as at 29 February 2008.

7 April 2008

The Board of Directors
Kwoon Chung Bus Holdings Limited
3/F., 8 Chong Fu Road
Hong Kong

Dear Sirs,

INSTRUCTION

In accordance with the instruction from Kwoon Chung Bus Holdings Limited (the “Company”) to value a parcel of land and the buildings thereon located at DH-C3-2 of Guangzhou Economic and Technological Development Zone, Guangzhou City, Guangdong Province, the People’s Republic of China (the “PRC”) described as Land Nos. (Sui Guo Yong) [2004] 660034 as per the State-owned Land Use Certificate issued by Land, Resources and Buildings Administration of Guangzhou Municipality on 25 May 2004 (as referred to the “Land”), we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Land as at 29 February 2008 (the “date of valuation”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumption, valuation considerations and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation is our opinion of the market value which we would define as intended to mean the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

VALUATION METHODOLOGY

In our valuation, direct comparison method is adopted where comparison based on prices realised on actual sales of comparable land is made. Comparable land of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each land in order to arrive at a fair comparison of market values.

VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 of and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Guidance Notes on the Valuation of Property Assets published by the Hong Kong Institute of Surveyors as well as the relevant legal, title and pricing basis of the PRC.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner(s) sell the property interests on the market in their existing state without any benefit of deferred terms contracts, leaseback, joint-ventures, management agreements or any similar arrangements which would serve to affect the value of the Land.

We have assumed that the owner(s) have free and uninterrupted rights to use the Land for the whole of the unexpired terms of the land use rights subject to payment of annual ground rent/annual land use fees, and all requisite land premium/purchase consideration payable has been fully settled (if any).

Other special assumptions of the Land, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have been provided with a copy of the State-owned Land Use Certificate 【Sui Guo Yong [2004]Zi: No. 660034】 issued by Land, Resources and Buildings Administration of Guangzhou Municipality regarding the Land. We have also relied on the legal opinion prepared by the PRC legal adviser, Hopesun Law Firm, on the Company's title to this property interest and in the nature of its land use rights in the Land. However, we did not conduct any land search for determining such title nor verifying if there is any revised terms not contained in such documents provided to us.

All legal documents supplied by the Company have been used for reference only. No responsibility regarding legal title to the Land is assumed in this valuation report.

LIMITING CONDITIONS

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages, comprehensive infrastructure provision fee, resettlement compensation or amounts owing on the property interests nor for expenses or taxation which may be incurred in effecting a sale. It is assumed that the Land is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its land value.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, land use right, site areas, particulars of occupancy and all other relevant matters in the identification of the Land in which the owner has a valid interest.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the Land but have assumed that the site areas shown on the documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have inspected the Land but no site investigation has been carried out to determine the suitability of the ground conditions or the services of the Land for future development. Our valuation is made on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. No tests were carried out on any of the services. All dimensions, measurements and areas are only approximates.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

REMARKS

All monetary sums stated in this report are in Renminbi (“RMB”).

Our summary of value and valuation certificate are attached herewith.

Yours faithfully,
for and on behalf of
Guangdong Zhengsen Asset Appraisal and Real Estate Co. Ltd.

Zhang Shaoyong
Registered PRC Real Estate Appraiser

The registered address of Guangdong Zhengsen is Room 3B-1, No. 348-1-2, Tong Fu Central Road, Haizhu District, Guangzhou, the PRC. Mr. Zhang Shaoyong is a Registered PRC Real Estate Appraiser with approximately 10 years' experience in valuation of properties in the PRC. Mr. Zhang is also a Certified Public Accountant in the PRC.

SUMMARY OF VALUE**LAND TO BE DISPOSED OF BY THE COMPANY IN THE PRC**

Land	Market Value in an existing state as at 29 February 2008 RMB
One parcel of land and the buildings thereon located at DH-C3-2 of Guangzhou Economic and Technological Development Zone, Guangzhou City, Guangdong Province, the PRC	6,501,000
Total:	<u>6,501,000</u>

VALUATION CERTIFICATE

Property held for owner occupation	Description and tenure	Particulars of occupancy	Market Value in an existing state as at 29 February 2008
One parcel of land and the buildings thereon located at DH-C3-2 of Guangzhou Economic and Technological Development Zone, Guangzhou City, Guangdong Province, the PRC	<p>The Land comprises one parcel of land with a gross site area of approximately 8,430 sq.m. and four buildings thereon. The buildings are a reinforced concrete structure of two storeys is total, covering a floor area of 2,222 sq.m..</p> <p>The land use right owner is XH Tourism Bus. The type of use right is transfer and will be held for a term of 50 years for transportation and communication use.</p> <p>The buildings are just completed. No Building Ownership Certificate has been obtained for the buildings yet.</p>	The Land is partly self-occupied and partly leased.	RMB6,501,000 (RENMINBI SIX MILLION FIVE HUNDRED AND ONE THOUSAND ONLY)

Notes:

- Pursuant to the State-owned Land Use Certificate 【Sui Guo Yong [2004] Zi No. 660034】 and the Contract for Transfer of State-owned Land Use Right for Value 【Sui Kai Guo Fang He Zi [2004] No. 20】, the development conditions of the Land are set out as follows:

Plot Ratio	:	2
Building Density	:	Not exceeding 45%
Greenary Ratio	:	Not less than 10%; tall arbours will be used primarily for greening
Usage	:	Transportation and communication
Duration	:	50 years from 9 April 2004 until 9 April 2054
- Our valuation is prepared based on the assumption that the planned construction of the buildings is in compliance with town planning and that title document can be obtained successfully.
- The legal opinion from the PRC legal adviser to the Company on the Land states that based on the information provided by the Company, XH Tourism Bus owns the land use right of the Land.

4. A summary of major certificates/approvals is shown as follows:
 - (i) State-owned Land Use Right Certificate
 - (ii) Contract for Transfer of State-owned Land Use Right
 - (iii) Construction Land Use Planning Permit
 - (iv) Construction Works Planning Permit
 - (v) Position Paper on Proposed Project Submitted for Examination

5. As at 29 February 2008, the total cost of the Land was RMB425,795.60. The date of purchase of the Land is May 2004. The cost for the purchase of the Land is RMB2,880,500.

6. Based on the investigation, collection of evidence and inspection and verification of assets we conducted on the Land, four completed buildings have been erected on the Land, of which one completed building and the land (an area of 4,068 sq.m.) occupied thereby have been leased as a business site for a LPG filling station for a lease of 15 years commencing from 10 October 2005 to 10 October 2020 at a monthly rent of RMB40,680. The other three completed buildings have been used for vehicle repair and maintenance workshop of XH Tourism Bus.

7. The Directors of the Company advise that the buildings are just completed and the clearance from the relevant government authorities has not been fully granted. Hence no Building Ownership Certificate has been obtained yet. However, there is no legal impediment in obtaining the Building Ownership Certificate at the moment. Also, as the Company will disposal of the Land (which includes the buildings) together with the equity interest in XH Tourism Bus, the title risk of the buildings lies with the purchaser, GZ Xing Shun instead of the Company.



The Director
Kwoon Chung Bus Holdings Limited
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Chai Wan
Hong Kong

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23/F Two Exchange Square
Central, Hong Kong

EA LICENCE: C-023750
savills.com

7 April 2008

Dear Sirs,

VALUATION OF 30% EQUITY INTEREST IN GFTZ XING HUA INTERNATIONAL TRANSPORT LTD AND 100% INTEREST IN GFTZ XING HUA TOURISM BUS CO. LTD EXCLUDING A PIECE OF LAND LOCATED AT DONGHUI SQUARE OF GUANGZHOU DEVELOPMENT ZONE INCLUDING THE BUILDING THEREON

In accordance with your instructions, we have undertaken a valuation on behalf of Kwoon Chung Bus Holdings Limited (“Kwoon Chung”) to determine the Market Value (as defined below) of the 30% equity interest in GFTZ Xing Hua International Transport Ltd (“XH International Transport”) and 100% interest in GFTZ Xing Hua Tourism Bus Co. Ltd (“XH Tourism Bus”) excluding a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon as at 31 July 2007 (the “Valuation Date”).

XH Tourism Bus is a company incorporated in the People’s Republic of China (the “PRC”) and is principally engaged in the running of intra-city bus services in Guangzhou city of the PRC.

XH International Transport is a company incorporated in the PRC and is principally engaged in the running of long-distance bus service in Guangdong Province of the PRC.

The purpose of this valuation is to express an independent opinion of the Market Value (as defined below) of 30% equity interest in XH International Transport and 100% interest in XH Tourism Bus excluding a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon as at the Valuation Date for sales and acquisition purpose.

Our valuation is our opinion of the Market Value which is defined as “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY AND BASIS

We have conducted our valuation in accordance with The Hong Kong Business Valuation Forum Business Valuation Standard. The valuation procedures employed include the review of physical and economic conditions of the subject asset and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the subject asset. All matters we consider essential to the proper understanding of the valuation are disclosed in our valuation report.

In arriving at our assessed value, we have considered three accepted approaches. They are market approach, cost approach and income approach. In this valuation, the market approach is not appropriate as there are insufficient comparable transactions to form a reliable basis for our opinion of value. The cost approach is not appropriate as it ignores the economic benefits of ownership of the business. We have therefore relied solely on the income approach in determining opinion of value.

We have adopted the income approach technique known as discounted cash flow method to assess the Market Value of 30% equity interest in XH International Transport and 100% interest in XH Tourism Bus excluding a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon. Under the said method, we have discounted the projected cash flow of XH International Transport and XH Tourism Bus excluding cashflow from a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon to present worth based on the profit and cash flows forecast and other relevant documents and information provided by Kwoon Chung.

For the purpose of our valuation, we have derived the future cash flows of the XH International Transport and XH Tourism Bus based on the available information and presently prevailing operating conditions of the business and by taking into consideration of other pertinent factors which basically include the followings:

- the market and the business risks of XH International Transport and XH Tourism Bus;
- the general economic outlook as well as specific investment environment for the business;
- the nature and current financial status of XH International Transport and XH Tourism Bus;
- the historical performance of XH International Transport and XH Tourism Bus;
- the market expectation and required rate of return for similar business; and
- the assumptions as stated in the Specific and General Assumptions of this report.

When evaluating the appropriate rate for XH International Transport and XH Tourism Bus, we have used the Capital Assets Pricing Model (the “CAPM”). Under CAPM, the appropriate expected rate of return is the sum of the risk-free return and the equity risk premium required by investors to compensate for the market risk assumed. In addition, the expected rate of return of XH International Transport and XH Tourism Bus is expected to be affected by other firm specific risk factors that are independent of the general market. The discount rate of approximately 17% per annum was determined by the risk-free rate (yield of the exchange fund bonds in Hong Kong), market return, and estimated beta of XH International Transport and XH Tourism Bus and firm specific risk factors.

A sensitivity analysis was prepared based on discount rates ranging from 16% to 18%. The sensitivity results of XH International Transport and XH Tourism Bus are as follows:

Scenarios	Discount Rate Results		
	(RMB'000)		
	16%	17%	18%
XH International Transport	11,500	10,600	9,800
XH Tourism Bus	17,700	15,600	13,800

We have been provided with extracts of copies of relevant documents and financial information relating to the XH International Transport and XH Tourism Bus. We have relied upon the aforesaid information in forming our opinion of the Market Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the said information which is material to the valuation. We have also been advised by Kwoon Chung that no material facts have been omitted from the information provided. We have also made relevant inquiries and obtained further information as considered necessary for the purpose of this valuation.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

On-site inspections were taken, and the properties and works were found to be in a condition that can perform the required purpose. We did not carry out any structural survey or on-site measurements. We are not able to report that the relevant properties are free from rot, infestation or any other structural defect.

SPECIFIC ASSUMPTIONS

In the course of valuation, the following specific assumptions and caveats have been made. We have based on the followings to conclude the Market Value of 30% equity interest in XH International Transport and 100% interest in XH Tourism Bus excluding a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon.

- We have assumed that the future profit and cash flows will be in accordance with profit and cash flows projection provided by Kwoon Chung;
- We have assumed that the projected business can be achieved with the effort of the management of the XH International Transport and XH Tourism Bus;

GENERAL ASSUMPTIONS

Notwithstanding the incorporation of foreseeable changes in our valuation, a number of assumptions have been made in the preparation of the reported assessed figures. The assumptions are:

- We have assumed that the accuracy of financial and operational information provided to us by Kwoon Chung, XH International Transport and XH Tourism Bus and relied to a considerable extent on such information in arriving at our opinion of value;
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value;
- There will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation;
- There will be no major changes in the current taxation law in the areas in which XH International Transport and XH Tourism Bus carry on its business, that the rate of tax payable remains unchanged and that all applicable laws and regulations will be complied with;
- The inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing;
- XH International Transport and XH Tourism Bus will retain their key management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business;
- XH International Transport and XH Tourism Bus will remain free from claims and litigation against the business or its customers that will have a material impact on value;

- XH International Transport and XH Tourism Bus is unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements;
- The business is not subject to any unusual or onerous restrictions or encumbrances; and
- The potential bad debt of XH International Transport and XH Tourism Bus will not materially affect their business operations.

LIMITING CONDITIONS

We have to a considerable extent relied on the financial data and other related information provided by Kwoon Chung. We are not in a position to comment on the lawfulness of the business.

In accordance with our standard practice, we must state that this report and valuation are for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of Kwoon Chung. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

REMARKS

Unless otherwise stated, all money amounts are stated in Renminbi.

We hereby confirm that we have neither present nor prospective interests in Kwoon Chung and their respective holding companies, subsidiaries and associated companies, XH International Transport and XH Tourism Bus and their subsidiaries, or the value reported herein.

The conclusion of values are based on accepted valuation procedures and practices that rely on substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Kwoon Chung, XH International Transport, XH Tourism Bus and us.

OPINION OF THE VALUE

Based on the investigation and analysis stated above and on the method employed, we are of the opinion that the Market Value of 30% equity interest in XH International Transport and 100% interest in XH Tourism Bus excluding a piece of land located at Donghui square of Guangzhou Development Zone including the building thereon as at 31 July 2007 were reasonably stated by the amount of RMB10,600,000 (RENMINBI TEN MILLION AND SIX HUNDRED THOUSAND) and RMB15,600,000 (RENMINBI FIFTEEN MILLION AND SIX HUNDRED THOUSAND) respectively.

Yours faithfully

For and on behalf of

Savills Valuation and Professional Services Limited

Charles C K Chan

MSc FRICS FHKIS MCI Arb RPS (GP)

Managing Director

Sam K S Lo

BBA CFA CPA

Associate Director

Note: Mr. Charles Chan, a Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has been a qualified valuer and has about 23 years' experience in the valuation of properties in Hong Kong and has extensive experience in business valuation in Hong Kong and the PRC.

Mr. Sam Lo is a Chartered Financial Analyst and Certified Public Accountant who has assisted Mr. Charles Chan in business valuation projects in Hong Kong and the PRC.

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 the Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests and short positions of each Director in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 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 ⁽¹⁾	125,880,981 ⁽²⁾	127,098,646	32.18
Wong Wing Pak	699,665 ⁽¹⁾	125,880,981 ⁽²⁾	126,580,646	32.05
Wong Leung Pak, Matthew	599,665 ⁽¹⁾	125,880,981 ⁽²⁾	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	<u>100,000</u>	<u>–</u>	<u>100,000</u>	<u>0.03</u>

GENERAL INFORMATION

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.
- (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 respective spouse and issues 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 [#]	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 of Director	Number of Share options	Date of grant of Share options*	Exercise period of Share options	Exercise price of Share options** <i>HK\$ per Share</i>	Price of the Company's Shares***	
					At grant date of options <i>HK\$ per Share</i>	At exercise date of options <i>HK\$ per Share</i>
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

GENERAL INFORMATION

Name of Director	Number of Share options	Date of grant of Share options*	Exercise period of Share options	Exercise price of Share options** <i>HK\$ per Share</i>	Price of the Company's Shares***	
					At grant date of options <i>HK\$ per Share</i>	At exercise date of options <i>HK\$ per Share</i>
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
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
	18,000,000					

* *The vesting period of the Share options is from the date of grant until the commencement of the exercise period.*

** *The exercise price of the Share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's Share capital.*

*** *The price of the Company's Shares disclosed as at the date of grant of the Share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options.*

GENERAL INFORMATION

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 of its associated corporations that (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.

(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 ⁽¹⁾	-		
	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 ⁽¹⁾	-		
	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		

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			
Wong Wing Pak	Joint interest	699,665	–	–	130,080,646	32.94
	Founder of a discretionary trust	–	125,880,981 ⁽¹⁾	–		
	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		
Equity Trustee Limited	Trustee	–	125,880,981	–	125,880,981	31.88
Wong Family Holdings Limited (“WFHL”)	Beneficial owner	–	125,880,981 ⁽¹⁾	–	125,880,981	31.88
New World First Holdings Limited (“NWFH”)	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Transport Services Limited (“NWST”)	Interest of a controlled corporation	–	118,093,019 ⁽⁴⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Service Management Limited (“NWSSM-BVI”) ⁽³⁾	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Service Management Limited (“NWSSM-Cayman Islands”) ⁽³⁾	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Holdings Limited (“NWSH”)	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
New World Development Company Limited (“NWD”)	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
Enrich Group Limited (“EGL”)	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
Chow Tai Fook Enterprises Limited (“CTFEL”)	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42

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			
Centennial Success Limited ("CSL")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
Cheng Yu Tung Family (Holdings) Limited ("CYTFHL")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
First Action Developments Limited ("First Action")	Beneficial owner	-	118,093,019 ⁽²⁾	3,500,000	121,593,019	30.79
Cathay Corporation	Beneficial owner	<u>-</u>	<u>75,342,000</u>	<u>-</u>	<u>75,342,000</u>	<u>19.08</u>

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 56.08% equity shares in NWSH; CTFEL owned approximately 36.62% 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.

GENERAL INFORMATION

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.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors of the Company was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. SERVICE CONTRACTS OF DIRECTORS

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 or by giving not less than three months' prior written notice.

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.

5. LITIGATION AND MATERIAL ADVERSE CHANGE

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries. Also, there is no material adverse change in the financial or trading position of the Group since 31 March 2007, being the date to which the latest published audited accounts of the Company were made up.

6. DIRECTORS' AND EXPERTS' INTERESTS IN ASSETS OF THE GROUP

No Director nor expert (as named in the paragraph headed "Experts" below) has a direct or indirect interest in any assets which have been, since 31 March 2007, 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.

GENERAL INFORMATION

7. 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.

8. EXPERTS

The following are the qualifications of the experts which have given opinion or advice which are contained in this circular:

Names	Qualifications
AsisVest Partners Limited, the independent financial adviser	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Guandong Zhengsen Asset Appraisal & Real Estate Co., Ltd, the Land valuers	The independent qualified property valuers as defined under Chapter 5 and Practice Note 12 of the Listing Rules
Savills Valuation and Professional Services Limited, the business valuers	The independent qualified business valuers
Tony C.M. Yau & Co., the reporting accountants	Certified Public Accountants who are qualified under the Professional Accountants Ordinance

As at the Latest Practicable Date, the experts were not interested beneficially nor non-beneficially in any shares in the Company or any of its subsidiaries nor any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company or any of its subsidiaries.

The experts have given and have not withdrawn their written consent the issue of this circular with the inclusion of the texts of their letters and reference to their names, in the form and context in which they respectively appear. The letters from the experts are made for incorporation in this circular.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during normal business hours from 7 April 2008 to 28 April 2008:

- (a) The Directors' service contracts disclosed in the paragraph headed "Service contracts of Directors" above; and
- (b) the Equity Disposal Agreement and the Equity Acquisition Agreement.

GENERAL INFORMATION

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 principal place of business is at 3rd Floor, No.8 Chong Fu Road, Chai Wan, Hong Kong.
- (d) 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 Monday, 28 April 2008 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

1. **“THAT** the agreement (the “Equity Disposal Agreement”) in Chinese dated 8 November 2007 entered into between Top China as the vendor and GZ Xing Shun as the purchaser pursuant to which Top China agreed to sell all of its 70% equity interest in XH Tourism Bus to GZ Xing Shun, 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 7 April 2008, and the transaction contemplated under the Equity Disposal Agreement, 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 Equity Disposal Agreement.”
2. **“THAT** the agreement (the “Equity Acquisition Agreement”) in Chinese dated 8 November 2007 entered into among GZ Gogo TIL as the purchaser, Wang Chen Liang as the vendor and GZ Zhong Guan pursuant to which GZ Gogo TIL agreed to acquire 30% equity interest in XH International Transport from Wang Chen Liang, a copy of which has been produced to this meeting, marked “B” 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 7 April 2008, and the transaction contemplated under the Equity Acquisition Agreement, 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 Equity Acquisition Agreement.”

By order of the Board
Wong Chung Pak, Thomas
Chairman

Hong Kong, 7 April 2008

* *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 office of the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-7, 18th 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 Thursday, 24 April 2008 to Monday, 28 April 2008, 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 office of the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 23 April 2008.