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KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liabilities)

(Stock Code: 306)

ANNOUNCEMENT IN RELATION TO

PUBLIC FLOAT

The public float of the Company has fallen below 25% of the entire issued share capital of the Company. The Company is now taking various steps to restore the public float of the Company as soon as possible. Further announcement will be released to explain the details in due course.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board of the Company wishes to announce that as at the date of this announcement, the public float of the Company is 18.60% which has fallen below 25% of the entire issued share capital of the Company, the Minimum Prescribed Percentage.

BACKGROUND

According to the Company's Register of Interests and Short Positions of Substantial Shareholders and the DI Forms filed by Cathay Corporation on 7 April 2006, Cathay Corporation had an interest holding of 47,570,000 Shares, representing 12.05% of the issued capital of the Company.

As at 7 April 2006, Wong Family Holdings Limited, First Action Developments Limited and their respective associates, the other substantial Shareholders, held in aggregate 62.41% of the issued share capital of the Company. The above said two substantial Shareholders together with the then Directors who held 1.34% of the issued share capital of the Company and Cathay Corporation in aggregate therefore were interested in approximately 75.80% of the entire issued share capital of the Company as at 7 April 2006 whereas the public float of the Company was 24.20%.

The shareholdings of the Shareholders and their associates in the Company as at the date of this announcement are set out as follows:–

Shareholders	As at the date of this announcement	
	<i>No. of Shares held</i>	<i>Approximate %</i>
Wong Family Holdings Limited and associates	128,397,976	32.51
First Action Developments Limited and associates	118,093,019	29.90
Cathay International Corporation #	71,238,000	18.04
Directors	3,749,112	0.95
Public Shareholders	<u>73,427,893</u>	<u>18.60</u>
	Total: <u>394,906,000</u>	<u>100.00</u>

Since 7 April 2006, Cathay Corporation's shareholding continued to increase. According to the DI Forms filed by Cathay Corporation and Cathay International Corporation on 15 December 2006, Cathay Corporation had disposed of 65,426,000 Shares and ceased to be a substantial shareholder of the Company; and Cathay International Corporation had bought 65,426,000 Shares and became a substantial shareholder of the Company. The Company also noted increases in shareholding of Cathay International Corporation since 15 December 2006.

DETAILS OF COMPLIANCE BY THE COMPANY

According to rule 13.32(4) of the Listing Rules, where the public float has fallen below the Minimum Prescribed Percentage, the Stock Exchange may refrain from suspension of trading in the Shares if the Stock Exchange is satisfied that there remains an open market in the Shares and the shortfall in the public float arose purely from an increased or newly acquired holding of the Shares by a person who is a connected person only because he is a substantial shareholder of the Company.

To the best knowledge of the Directors, the conditions set out in rule 13.32(4) is satisfied because:

1. according to the Company's share register, there are approximately 1,000 individual public shareholders and hence an open market remains at all times; and
2. when the Directors of the Company became aware of the shortfall in the public float, they had immediately made an enquiry and understood that Cathay Corporation or Cathay International Corporation is independent of the Company, the Directors, and the other substantial Shareholders of the Company, and is neither a Director of the Company nor has any representative on the Board of the Company. Cathay International Corporation becomes a connected person of the Company only because it holds more than 10% shareholding in the Company.

DEFINITION

Unless the context otherwise requires, the terms used herein shall have the meaning as follows:—

“Board”	the board of Directors
“Company”	Kwoon Chung Bus Holdings Limited
“Directors”	the directors of the Company
“DI Form”	the prescribed form of disclosure of interest for the purpose of the disclosing the interest of substantial shareholders or directors of a company under the SFO
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Minimum Prescribed Percentage”	the minimum prescribed percentage as required by Rule 8.08 of the Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shares”	the shares of HK\$0.1 each in the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
Wong Chung Pak Thomas
Chairman

Hong Kong, 2 August 2007

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

** For identification purpose only*