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**If you have sold or transferred** all your shares in Kwoon Chung Bus Holdings Limited, you should at once hand this circular 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)

**DISCLOSEABLE TRANSACTIONS**  
**DISPOSAL OF 50% CJV INTEREST IN GZKC**  
**AND**  
**ACQUISITION OF 40% EJV INTEREST IN GZ2B**

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23 October 2007

\* For identification purposes only

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## DEFINITIONS

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

“Board”	board of Directors;
“CJV”	contractual joint venture, which is a form of joint venture of which the ownership and profit sharing are in accordance with the terms of the joint venture contract;
“CJV Contracts”	various CJV contracts in Chinese entered into between GZ2PB and KCM;
“Company”	Kwoon Chung Bus Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange;
“Completion”	completion of the Transactions;
“Directors”	directors of the Company;
“EJV”	equity joint venture, which is a form of joint venture of which the ownership and profit sharing are in proportion to the respective capital contributions by the joint venturers;
“EJV Contracts”	EJV contract and the related supplementary contract in Chinese dated 20 September 2007 entered into between GZ2PB, KCM, and Rongtai Taxi;
“Group”	Company and its subsidiaries;
“GZ2B”	Guangzhou City No. 2 Bus Co., Ltd, an EJV with a business life of 30 years to be transformed from GZKC after the Transactions and is principally engaged in bus transport in Guangzhou of the PRC;
“GZ2PB”	Guangzhou City No. 2 Public Bus Company, a company incorporated in the PRC, which is principally engaged in bus transport in Guangdong Province of the PRC;
“GZKC”	Guangzhou Kwoon Chung Bus Co., Ltd, a CJV operated and shared in terms of profit and loss by KCM and GZ2PB jointly on a 50:50 basis, which is incorporated in the PRC and principally engaged in bus transport in Guangzhou of the PRC. It shall be transformed to and renamed as GZ2B after the Transactions;

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KCM”	Kwoon Chung Motors Company, Limited, an indirect wholly owned subsidiary of the Company incorporated in Hong Kong and is principally engaged in the non-franchised bus business in Hong Kong;
“Latest Practicable Date”	18 October 2007, being the latest practicable date prior to the printing of this circular for ascertaining information in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers;
“PRC”	People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rongtai Taxi”	Guangzhou Rongtai Taxi Co., Ltd, a company incorporated in the PRC, which is principally engaged in taxi business in Guangzhou 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”	Stock Exchange of Hong Kong Limited; and
“Transactions”	disposal and acquisition transactions contemplated under the EJV Contracts.



**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

23 October 2007

*To the Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTIONS  
DISPOSAL OF 50% CJV INTEREST IN GZKC  
AND  
ACQUISITION OF 40% EJVB INTEREST IN GZ2B**

**INTRODUCTION**

On 20 September 2007, the Company through one of its wholly owned subsidiaries, KCM, entered into EJVB Contracts with GZ2PB and Rongtai Taxi to:

\* For identification purposes only

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## LETTER FROM THE BOARD

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1. dispose of its 50% CJV interest in GZKC (a CJV operated jointly and shared in terms of profit and loss by KCM and GZ2PB on a 50:50 basis) and a receivable from GZKC of HK\$52,695,000, in exchange for all the net asset value of the same as at 31 December 2007 amounting to approximately HK\$52,312,000 as a consideration; and
2. acquire 40% EJV interest in GZ2B, an EJV to be transformed from GZKC, for a consideration of approximately HK\$76,000,000.

According to the definitions under Chapter 14 of the Listing Rules, the Transactions constitute a discloseable acquisition transaction and a discloseable disposal transaction. The purpose of this circular is to provide the Shareholders with further information on the Transactions.

**DATE OF THE TRANSACTIONS:** 20 September 2007

### **PARTIES TO THE EJV CONTRACTS**

Party A: GZ2PB, which is principally engaged in bus transport in Guangdong Province of the PRC.

Party B: KCM, which is an indirect wholly owned subsidiary of the Company incorporated in Hong Kong and is principally engaged in non-franchised bus business in Hong Kong.

Party C: Rongtai Taxi, which is principally engaged in taxi business in Guangzhou of the PRC.

The Group is principally engaged in transport and travel business in Hong Kong and Mainland China. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, GZ2PB and Rongtai Taxi, and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company, its subsidiaries and their respective associates (as defined in Listing Rules).

### **BACKGROUND AND GENERAL NATURE OF THE TRANSACTIONS**

KCM currently operates and shares profit and loss from a CJV, namely GZKC, jointly with GZ2PB in Guangzhou on a 50:50 basis. GZKC is principally engaged in bus transport business in Guangzhou of the PRC and has been accounted for as a jointly-controlled entity in the books of the Company. According to the CJV Contracts, KCM had contributed all the registered capital of GZKC amounting to HK\$76,000,000 while GZ2PB had contributed certain bus route operating rights, land use rights and office premises.

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## LETTER FROM THE BOARD

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On 20 September 2007, the Company through KCM, entered into EJV Contracts with GZ2PB and Rongtai Taxi. Pursuant to the EJV Contracts and the application letter filed to the relevant government authority by GZ2PB in relation to the Transactions on 27 August 2007:

1. KCM shall forgo its 50% CJV interest in GZKC (the unamortized investment in GZKC as at 31 August 2007 amounting to HK\$17,852,000) and a receivable from GZKC of HK\$52,695,000, in exchange for all net asset value of the same as at 31 December 2007 amounting to approximately HK\$52,312,000 as a consideration (receivable from GZKC arises as under the CJV Contracts, the registered capital of GZKC of HK\$76,000,000 is repayable to KCM in the form of income over 5 years after KCM's several capital contributions during the period from 1994 to 1997. However, such capital has not been repaid by GZKC in accordance with the contracted schedule and has only been partially repaid by GZKC up to present);
2. GZKC shall be transformed to an EJV with a business life of 30 years and renamed as GZ2B; and
3. the registered capital of GZ2B after transformation from GZKC shall be enlarged from HK\$76,000,000 to HK\$190,000,000. The capital contribution of each joint venturers has been agreed as follows:
  - (a) GZ2PB shall contribute capital valued as HK\$107,787,000, which shall comprise operating vehicles at appraised values as at 31 August 2007 (with related liabilities, if any) after deducting the related depreciation from 1 September 2007 to 31 December 2007, and GZ2PB shall own 56.73% EJV interest in GZ2B;
  - (b) As the original registered capital of GZKC is contributed solely by KCM, KCM shall carry forward such original capital of HK\$76,000,000 as capital contribution and a consideration, which shall be fulfilled by contribution of cash of approximately HK\$23,688,000 and all the net asset value of GZKC as at 31 December 2007 exchanged for of approximately HK\$52,312,000. KCM shall acquire 40% EJV interest in GZ2B; and
  - (c) Rongtai Taxi shall contribute capital valued as HK\$6,213,000, which shall comprise operating vehicles at appraised values as at 31 August 2007 (with related liabilities, if any) or cash, and Rongtai Taxi shall own 3.27% EJV interest in GZ2B.

The values of the operating vehicles as at 31 August 2007 contributed by GZ2PB and Rongtai Taxi have been appraised with reference to market values. Although not specifically stipulated in the EJV Contracts, there is a mutual understanding among the joint venturers that the route operating rights underlying the operating vehicles will also be contributed into GZ2B. A qualified asset appraisal institution, which is an independent third party, had been appointed by GZ2PB and Rongtai Taxi to perform the appraisal. According to the asset appraisal reports issued on 13 September 2007, the appraised values of the operating vehicles planned to be contributed by GZ2PB and Rongtai Taxi

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## LETTER FROM THE BOARD

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were RMB181,606,801 and RMB32,076,661 respectively. Certain liabilities will be brought into GZ2B by GZ2PB and Rongtai in order to compensate for the excess of appraised values over the capital contribution required.

Since each of the aggregate value of the considerations contemplated under the Transactions represents more than 5% but less than 25% of the total market capitalization of the Company, the Transactions constitute a discloseable acquisition transaction and a discloseable disposal transaction according to the definitions under Chapter 14 of the Listing Rules.

### **ASSETS TO BE DISPOSED OF AND ACQUIRED**

The assets to be disposed of shall be the 50% CJV interest in GZKC (the unamortized investment in GZKC as at 31 August 2007 amounting to HK\$17,852,000) and the receivable from GZKC of HK\$52,695,000, making up a total value of HK\$70,547,000. The asset to be acquired is the 40% EJV interest in GZ2B, which has a net book value and an estimated appraisal value (i.e. fair value) of HK\$76,000,000 as at 31 August 2007.

Notwithstanding the specific interpretations under the Listing Rules, the relevant PRC local government authority and the Board consider the Transactions as an enterprise restructuring and an enlargement of capital. Immediately after the Transactions, at the Group's book, the asset acquired will be accounted for as an associate and carried at the investment cost of approximately HK\$94,235,000 initially, which comprise the cash contribution of HK\$23,688,000, the unamortized investment in GZKC as at 31 August 2007 amounting to HK\$17,852,000, and the receivable from GZKC of HK\$52,695,000. The excess of cost over the interest in net fair value of the investment amounting to HK\$18,235,000 shall be carried forward and presented as goodwill on acquisition of the associate. There is no effect on the earnings and assets and liabilities of the Company.

### **CONSIDERATIONS RECEIVABLE AND PAYABLE**

The consideration receivable from the disposal transaction shall be all the net asset value of GZKC as at 31 December 2007 of approximately HK\$52,312,000, which is immediately receivable after the disposal transaction.

The consideration payable for the acquisition transaction shall be HK\$76,000,000, which shall be fulfilled by cash of approximately HK\$23,688,000 and all the net asset value of GZKC as at 31 December 2007 exchanged for from the disposal transaction of approximately HK\$52,312,000. The cash consideration shall be payable in full within two years after the relevant PRC government authorities approve the EJV Contracts. It will be financed by the internal fund of the Group. The net asset value of GZKC shall be contributed into GZ2B immediately after the acquisition transaction.

The considerations for the Transactions are determined basically on a dollar-to-dollar basis:

1. For the disposal transaction, the net asset value of GZKC exchanged for is similar in dollar amount to the receivable forgone. The original 50% CJV interest in GZKC has to be amortized fully in KCM' book over the life of the CJV Contract sooner or later.



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## LETTER FROM THE BOARD

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2. For the acquisition transaction, as the Company plans to invest for 40% EJV interest in GZ2B, the capital contribution payable by KCM, i.e. HK\$76,000,000, was determined in proportion to the appraised dollar values of operating vehicles or cash contributed by GZ2PB and Rongtai Taxi (i.e. 40% of the enlarged registered capital of GZ2B of HK\$190,000,000). The capital contribution shall be fulfilled by cash and net asset value of the same amount.

The considerations were negotiated on an arm's length basis and on normal commercial terms between all parties to the EJV Contracts.

The Directors, including the independent non-executive Directors, consider that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Company. Also, as the considerations are determined basically on a dollar-to-dollar basis and the Group is expected to benefit from the Transaction (as explained below), the terms of the Transactions are fair and reasonable and in the interests of the Shareholders as a whole.

### FINANCIAL RESULTS OF GZ2B FOR THE LAST TWO FINANCIAL YEARS

As GZ2B is a new EJV formed, there are no historical financial results available. Also, no profit forecast has been prepared for GZ2B.

A summary of the net profits (losses) (both before and after taxation and extraordinary items) and net asset values of GZKC for the two financial years immediately preceding the Transactions under PRC GAAP is presented below for reference:

	<b>For the year ended 31 December 2006*</b> <i>RMB'000</i>	<b>For the year ended 31 December 2005**</b> <i>RMB'000</i>
Net profit (loss) before taxation and extraordinary items	<u>(225)</u>	<u>4,747</u>
Net profit (loss) after taxation and extraordinary items	<u>(225)</u>	<u>4,747</u>
	<b>31 December 2006*</b> <i>RMB'000</i>	<b>31 December 2005**</b> <i>RMB'000</i>
Net asset value	<u>50,096</u>	<u>51,354</u>

\* audited by Guangzhou Yongsheng Certified Public Accountants Co., Ltd.

\*\* audited by Guangzhou City Zhongsui Certified Public Accountants

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## LETTER FROM THE BOARD

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### CONDITIONS

The Completion of EJV Contracts is subject to the approval of relevant PRC government authorities.

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

The Directors believe that by entering into the Transactions, the Company will benefit from its 40% EJV interest in GZ2B in the following aspects:

1. the CJV Contracts shall expire in October 2011. Entering into the Transactions will allow the joint venture to have a longer business life of 30 years since its new incorporation. Therefore the Company's market presence and brand name in Guangdong Province can be maintained or even further promoted;
2. the enlargement of the capital of the joint venture, together with more operating vehicles and the underlying bus routes contributed from other joint venturers, will create synergy and economies of scale, and improve the future financial performance of GZ2B greatly. Regular dividend is expected to be received from GZ2B as long as net profit is made; and
3. externally, motorbike ride has recently been strictly banned by the Guangzhou government. Also, it is expected that the 2010 Asian Games to be held at Guangzhou will bring about millions of visitors and both the GDP and population of Guangzhou will continue to grow at speed. All the above factors will create increasing demand for bus transport and therefore GZ2B has many opportunities to expand its business further. The Company will benefit from GZ2B's future growth in bus routes and patronage.

### GENERAL

According to the definitions under Chapter 14 of the Listing Rules, the Transactions constitute a discloseable acquisition transaction and a discloseable disposal transaction. Your attention is drawn to the additional information set out in the Appendix to this circular.

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

## 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 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	127,098,646	32.18
Wong Wing Pak	699,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	126,580,646	32.05
Wong Leung Pak, Matthew	599,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	126,480,646	32.03
Lee Yin Ching, Stanley	2,893,556	–	2,893,556	0.73
Cheng King Hoi, Andrew	755,556	–	755,556	0.19
Ng King Yee	100,000	–	100,000	0.03

*Notes:*

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

<b>Name of associated Corporation</b>	<b>Name of Director</b>	<b>Number of shares<sup>#</sup></b>	<b>Class of shares</b>
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*

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** HK\$ per Share	Price of the Company's Shares***	
					At grant date of options HK\$ per Share	At exercise date of options HK\$ per Share
Wong Chung Pak, Thomas	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Wong Wing Pak	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Wong Leung Pak, Matthew	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Lee Yin Ching, Stanley	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Cheng King Hoi, Andrew	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Ng King Yee	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Chan Yu Kwong, Francis	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Mok Wah Fun, Peter	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Chan Bing Woon, SBS, JP	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Sung Yuen Lam	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Lee Kwong Yin, Colin	100,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
	<u>18,000,000</u>					

- \* *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.*

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 <sup>(1)</sup>	-		
	Beneficial owner	-	-	3,500,000		
Tso Anna	Joint interest	1,217,665	-	-	130,598,646	33.07
	Interest of spouse	-	125,880,981	3,500,000		
Wong Leung Pak, Matthew	Joint interest	599,665	-	-	130,280,646	32.99
	Founder of a discretionary trust	-	125,880,981 <sup>(1)</sup>	-		
	Beneficial owner	-	-	3,500,000		
	Interest of spouse	-	-	300,000		

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			
Ng Lai Yee, Christina	Joint interest	599,665	–	–	130,280,646	32.99
	Beneficial owner	–	–	300,000		
	Interest of spouse	–	125,880,981	3,500,000		
Wong Wing Pak	Joint interest	699,665	–	–	130,080,646	32.94
	Founder of a discretionary trust	–	125,880,981 <sup>(1)</sup>	–		
	Beneficial owner	–	–	3,500,000		
Tang Kit Ling, Louise	Joint interest	699,665	–	–	130,080,646	32.94
	Interest of spouse	–	125,880,981	3,500,000		
Equity Trustee Limited	Trustee	–	125,880,981	–	125,880,981	31.88
Wong Family Holdings Limited (“WFHL”)	Beneficial owner	–	125,880,981 <sup>(1)</sup>	–	125,880,981	31.88
New World First Holdings Limited (“NWFH”)	Interest of a controlled corporation	–	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Transport Services Limited (“NWST”)	Interest of a controlled corporation	–	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Service Management Limited (“NWSSM-BVI”) <sup>(3)</sup>	Interest of a controlled corporation	–	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Service Management Limited (“NWSSM-Cayman Islands”) <sup>(3)</sup>	Interest of a controlled corporation	–	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
NWS Holdings Limited (“NWSH”)	Interest of a controlled corporation	–	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
New World Development Company Limited (“NWD”)	Interest of a controlled corporation	–	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42

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			
Enrich Group Limited ("EGL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Chow Tai Fook Enterprises Limited ("CTFEL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Centennial Success Limited ("CSL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Cheng Yu Tung Family (Holdings) Limited ("CYTFHL")	Interest of a controlled corporation	-	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
First Action Developments Limited ("First Action")	Beneficial owner	-	118,093,019 <sup>(2)</sup>	3,500,000	121,593,019	30.79
Cathay Corporation	Beneficial owner	-	71,238,000	-	71,238,000	18.04

*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.

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' INTERESTS IN ASSETS OF THE GROUP**

No Director 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.

**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. 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.