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

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

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

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

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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 TRANSACTION**

**ACQUISITION OF 51% EQUITY INTEREST IN**

**LIXIAN BIPENGGOU TOURISM DEVELOPMENT COMPANY LIMITED**

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29 June 2006

\* 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:*

“Bipenggou”	Lixian Bipenggou Tourism Development Company Limited, a company incorporated in PRC which is principally engaged in tourism and travel related business in the PRC;
“Board”	the board of Directors;
“Chengdu China Travel”	Chengdu China Travel Service Company Limited, a company incorporated in PRC which is principally engaged in tourism and travel related business in the PRC;
“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 Joint Venture;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Joint Venture”	the transaction contemplated under the Joint Venture Agreement;
“Joint Venture Agreement”	the agreement in Chinese dated 12 June 2006 entered into between Bipenggou, KC Tourism, Chengdu China Travel and Taoping Management Board;
“KC Tourism”	HK Kwoon Chung Tourism Development Company Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company, which is principally engaged in travel business and travel industry
“Latest Practicable Date”	23 June 2006, 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;
“PRC”	People’s Republic of China;
“RMB”	renminbi, the currency of the PRC;

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## DEFINITIONS

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“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;
“Taoping Management Board”	Lixian Miyalu Taoping Scenery Management Board, a body incorporated in the PRC, which is principally engaged in tourism and travel related business in the PRC.

*In this circular, the exchange rate of RMB1 to HK\$0.96 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  
Lo Kin Wai  
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

29 June 2006

*To the Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF 51% EQUITY INTEREST IN  
LIXIAN BIPENGGOU TOURISM DEVELOPMENT COMPANY LIMITED**

**INTRODUCTION**

On 12 June 2006 the Company through one of its wholly owned subsidiaries, KC Tourism entered into a Joint Venture Agreement to acquire 51% equity interests in Bipenggou, a company incorporated in Sichuan Provinces of the PRC for a consideration of RMB35,137,000 (equivalent to approximately HK\$33,732,000). The Joint Venture Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. The purpose of this circular is to provide the Shareholders with further information on the Joint Venture.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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**Date of the transaction:** 12 June 2006

### **Parties to the Joint Venture Agreement**

- Party A: Bipenggou, which is principally engaged in tourism and travel related business in the PRC
- Party B: KC Tourism, which is principally engaged in the tourism and travel industry
- Party C: Chengdu China Travel, which is principally engaged in tourism and travel related business in the PRC
- Party D: Taoping Management Board, which is principally engaged in tourism and travel related business in the PRC

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Bipenggou, Chengdu China Travel and Taoping Management Board, 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).

### **General nature of the transaction**

Bipenggou was incorporated on 28 August 1998. In April 2001, Bipenggou was granted the right by the local government to develop and manage a scenery spot called Bipenggou Miyaluo scenery area in Sichuan province of the PRC. Bipenggou had been running under trial period in the last two years and the major business of Bipenggou was the management and operations of Bipenggou Miyaluo scenery area. Its major income is the entrance fee from tourists who enter the scenery area.

The Company is principally engaged in transport and travel business in Hong Kong and Mainland China. KC Tourism is an indirect wholly owned subsidiary of the Company and is incorporated in Hong Kong on 16 November 2005.

Currently Chengdu China Travel and Taoping Management Board hold 70% and 30% equity interests in Bipenggou respectively. Pursuant to the Joint Venture Agreement, Bipenggou will apply for a change of its corporate nature from local enterprise to a Sino-foreign equity joint venture. KC Tourism will inject RMB35,137,000 into Bipenggou in order to hold 51% of its equity interests, and Chengdu China Travel and Taoping Management Board will then hold 34.3% and 14.7% of its equity interests respectively. With the control by KC Tourism and the injection of capital, the Joint Venture partners aim to further develop the Bipenggou Miyaluo scenery area.

### **Asset to be acquired**

The asset to be acquired is 51% equity interest in Bipenggou. Upon the consolidation of Bipenggou into the Group, both the Group's assets and liabilities will increase but there will be no effect on the Group's retained earnings.

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## LETTER FROM THE BOARD

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### Consideration

The amount of consideration is RMB35,137,000, which will be satisfied in full by cash of RMB10,000,000 and RMB25,137,000 payable immediately and within 60 days respectively after the local Business Administration Bureau and relevant PRC government authorities approve the transfer and registration procedures. The consideration will be financed by internal fund of the Company. The amount of consideration was negotiated on an arm's length basis and on normal commercial terms between KC Tourism, Chengdu China Travel and Taoping Management Board. The consideration was determined based on a financial due diligence report on the net assets of Bipenggou as at 31 December 2005 (before the Joint Venture), which was made by an independent professional accountant, Chongqing Fortune Certified Public Accountant on 22 April 2006. According to the above report, the net asset value of Bipenggou as at 31 December 2005 was RMB33,759,000.

As the Directors believe that the amount of consideration is reasonable, the Directors, including the independent non-executive Directors, consider the amount of consideration of the Joint Venture is fair and reasonable as far as the Shareholders are concerned.

### Financial results of Bipenggou for the last two financial years

<i>(RMB)</i>	<b>For the year ended 31 December 2005</b>	<b>For the year ended 31 December 2004</b>
Net profit before taxation and extraordinary items (unaudited)	308,797	133,210
Net profit after taxation and extraordinary items (unaudited)	308,797	133,210

  

<i>(RMB)</i>	<b>For the year ended 31 December 2005</b>	<b>For the year ended 31 December 2004</b>
Revenue of Bipenggou from tourism and travel related business (unaudited)	993,095	625,982

Since the Bipenggou had been running under trial business period in the past two years, no audited accounts had been made up yet. No profit forecast has been conducted for Bipenggou.

### Conditions

The Completion of Joint Venture Agreement is subject to the approval of the PRC Business Administration Bureau and relevant PRC government authorities.

### Reasons for entering into the Joint Venture and benefits expected to accrue to the Company

The Directors believe that travel business in Bipenggou Miyalu scenic area as well as other nearby scenic spots in Sichuan Province are still in the developing stage, and therefore, Bipenggou have potentials to expand its travel business further.

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## LETTER FROM THE BOARD

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The increase in involvement in the tourism industry will help to diversify the Group's business. This can lower the proportion of bus business of the Group, which has been adversely affected by high fuel price recently.

The Directors (including the independent non-executive Directors) consider that the terms of the Joint Venture Agreement are normal commercial terms and are fair and reasonable and in the interest of the Group and its Shareholders as a whole.

### **General**

The Joint Venture constitutes a discloseable transaction under Chapter 14 of the Listing Rules. 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 securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or 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 for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Number of shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation		
Wong Chung Pak, Thomas	1,217,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	127,098,646	32.18
Wong Wing Pak	699,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	126,580,646	32.05
Wong Leung Pak, Matthew	599,665 <sup>(1)</sup>	125,880,981 <sup>(2)</sup>	126,480,646	32.03
Lee Yin Ching, Stanley	2,893,556	–	2,893,556	0.73
Lo Kin Wai	1,552,667	–	1,552,667	0.39
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 spouse and issue of each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew.

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

<b>Name of associated corporation</b>	<b>Name of Director</b>	<b>Number of shares#</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 or category of participant	Number of share options	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$	Price of Company's shares	
					At grant date of options HK\$	At exercise date of options HK\$
<b>Directors</b>						
Wong Chung Pak,	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
Thomas	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,	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
Matthew	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Lee Yin Ching,	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
Stanley	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A
Lo Kin Wai	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,	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
Andrew	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A

Name or category of participant	Number of share options	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$	Price of Company's shares	
					At grant date of options HK\$	At exercise date of options HK\$
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>19,200,000</u>					

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors were interested, or were deemed to be interested in the long and short positions in the Shares, underlying Shares and 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.

**(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 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 discretionary trust	–	125,880,981 <sup>(1)</sup>	–		
	Beneficial owner	–	–	3,500,000		
	Interest of spouse	–	–	300,000		
Ng Lai Yee, Christina	Joint interest	599,665	–	–	130,280,646	32.99
	Beneficial owner	–	–	300,000		
	Interest of spouse	–	125,880,981	3,500,000		
Wong Wing Pak	Joint interest	699,665	–	–	130,080,646	32.94
	Founder of 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

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			
New World First Holdings Limited ("NWFH")	Interest of 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 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 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 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 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 controlled corporation	–	118,093,019 <sup>(2)</sup>	6,000,000 <sup>(4)</sup>	124,093,019	31.42
Enrich Group Limited ("EGL")	Interest of 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 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	Other	–	51,380,000	–	51,380,000	13.01

*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; and EGL was a wholly-owned subsidiary of CTFEL; NWD owned approximately 54.00% equity shares in NWSH; CTFEL owned approximately 35.26% equity shares in NWD. As at the Latest Practicable Date, each of NWFH, NWST, NWSSM-BVI, NWSSM-Cayman Islands, NWSH, NWD, EGL and CTFEL 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. COMPETING INTERESTS**

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 since 31 March 2005, being the date to which the latest published audited accounts of the Company were made up.

### **4. SERVICE CONTRACTS**

Each of the executive Directors, except for Messrs. Lam Sze Hoo, Christopher and Cheng Wai Po, Samuel, has a service contract with the Company for a term of five years commencing on 1 October 2004 which is subject to termination by either party upon expiration of the contract giving not less than three months' prior written notice to the other.

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 2005, 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 2005, 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.