
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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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 AND CONNECTED TRANSACTIONS
DISPOSAL OF 53% EQUITY INTEREST IN WQKC**

Independent financial adviser to the Independent Board Committee

AsiaVest Partners

AsiaVest Partners Limited

A letter from the Board is set out on pages 3 to 7 of this circular. A letter from the Independent Board Committee is set out on page 8 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 9 to 16 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 Friday, 9 May 2008 at 2:30 p.m. is set out on pages 28 and 29 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.

22 April 2008

* For identification purposes only

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DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Kwoon Chung Bus Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange;
“Completion”	the completion of the Transactions;
“Directors”	the directors of the Company;
“EGM”	an extraordinary general meeting of the Company to be held at 3/F, 8 Chong Fu Road, Chai Wan, Hong Kong on Friday, 9 May 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 28 and 29 of this circular, or any adjournment thereof;
“Equity Transfer Agreements”	the two agreements in Chinese dated 25 March 2008 entered into between KC China and PDKC as the vendors respectively and SHTI as the purchaser pursuant to which KC China and PDKC agreed to sell 53% equity interest in WQKC in total to SHTI;
“Group”	the Company and its subsidiaries;
“HK GAAP”	Generally Accepted Accounting Principles used in Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KC China”	Kwoon Chung (China) Development Co., Ltd, an indirect wholly owned subsidiary of the Company incorporated in Hong Kong;
“Latest Practicable Date”	17 April 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;

DEFINITIONS

“Mainland China”	The PRC excluding Hong Kong;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers;
“PDKC”	Shanghai Pudong Kwoon Chung Public Transport Co., Ltd, a third party company independent of the Company and its connected persons. It is 100% owned by Shanghai Jinxiu Yifang Industrial Co., Ltd, a real estate investor, and is incorporated in the PRC;
“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);
“SHTI”	Shanghai Transport Investment (Holdings) Co., Ltd, a company incorporated in the PRC and 100% owned by the Shanghai government administration;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the Equity Transfer Agreements; and
“WQKC”	Shanghai Wu Qi Kwoon Chung Public Transport Co., Ltd, a company incorporated in the PRC. It is 53% owned by KC China and 47% directly owned by SHTI.

In this circular, the exchange rate of HK\$1 to RMB0.9 has been used for reference only.

LETTER FROM THE BOARD



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

22 April 2008

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS **DISPOSAL OF 53% EQUITY INTEREST IN WQKC**

Introduction

The Group operates transportation and tourism services in Hong Kong and Mainland China.

On 25 March 2008, the Company through KC China, one of its wholly owned subsidiaries, and PDKC entered into two Equity Transfer Agreements respectively with SHTI, a connected person of the Company. Pursuant to the Equity Transfer Agreements, KC China as the beneficial vendor agreed to sell all of its 47% and 6% (via PDKC) equity interest in WQKC to SHTI, for considerations of RMB55,640,000 (equivalent to approximately HK\$61,822,000) and RMB7,090,000 (equivalent to approximately HK\$7,878,000) respectively, which total RMB62,730,000 (equivalent to approximately HK\$69,700,000). On Completion, the Company will hold no more equity interest in WQKC.

* *For identification purposes only*

LETTER FROM THE BOARD

The two Transactions in aggregate constitute discloseable and connected transactions under Chapter 14 and 14A of the Listing Rules respectively. The Transactions are subject to, among other things, independent Shareholders' approval by poll at an EGM. The purpose of this circular is to provide the Shareholders with further information on the Transactions and seek your approval of the resolution set out in the notice of EGM on pages 28 and 29 of this circular. The recommendations of the Independent Board Committee to the independent Shareholders in relation to the Transactions are set out on page 8 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 9 to 16 of this circular.

Date of the Transactions: 25 March 2008

Parties

Vendors: KC China, which is principally engaged in the investment of bus transport business in Mainland China, and PDKC, which is principally engaged in the provision of bus services in Shanghai of Mainland China

Purchaser: SHTI, which is principally engaged in the investment of transportation business in Shanghai of Mainland China

General nature of the Transactions

KC China is an indirect wholly owned subsidiary of the Company. WQKC is a company incorporated in Mainland China, which is principally engaged in the provision of bus services in Shanghai of Mainland China. It is currently running approximately 38 bus routes with approximately 960 buses and 81 taxis, mainly in Puxi area of Shanghai. KC China holds 53% equity interest in WQKC in total, of which 6% is held indirectly via PDKC, a third party independent of the Company and its connected persons, who held the said interest in trust for KC China. The other 47% equity interest of WQKC is held directly by SHTI. Therefore WQKC is currently an indirect 53% owned subsidiary of the Group. In the Group's books, the assets, liabilities and results of WQKC have been consolidated.

The Company through KC China, one of its wholly owned subsidiaries, and PDKC entered into two Equity Transfer Agreements respectively with SHTI, a connected person of the Company. Pursuant to the Equity Transfer Agreements, KC China agreed to sell all of its 47% and 6% (via PDKC) equity interest in WQKC to SHTI, for considerations of RMB55,640,000 (equivalent to approximately HK\$61,822,000) and RMB7,090,000 (equivalent to approximately HK\$7,878,000) respectively, which total RMB62,730,000 (equivalent to approximately HK\$69,700,000).

On Completion, the Company will hold no more equity interest in WQKC. WQKC will cease to be a subsidiary of the Company, and the assets, liabilities and results of WQKC will no more be consolidated into the Group.

LETTER FROM THE BOARD

Asset to be disposed of

The asset to be realized is all of the 53% equity interest in WQKC in total held by KC China (either directly or indirectly).

Considerations receivable and the intended application of the sale proceeds

The considerations receivable are RMB55,640,000 (equivalent to approximately HK\$61,822,000) and RMB7,090,000 (equivalent to approximately HK\$7,878,000) respectively, which total RMB62,730,000 (equivalent to approximately HK\$69,700,000) and will be satisfied in full by cash within 15 working days after the local Business Administration Bureau of Shanghai approved the Transactions. The sale proceeds will be utilized by the Group as general working fund.

The considerations were determined mainly with reference to the respective share of WQKC's latest net book value under HK GAAP. It is negotiated on an arm's length basis and on normal commercial terms between KC China and SHTI.

The unaudited net book value of 53% equity interest in WQKC in the Group's books under HK GAAP as at 29 February 2008 is estimated to be approximately RMB64,420,000 (equivalent to approximately HK\$71,578,000). As a result of the Transactions, a loss on disposal of approximately RMB1,690,000 (equivalent to approximately HK\$1,878,000), which represents the excess of the said net book value over the total consideration, is expected to accrue to the Group. Also, the assets, liabilities and earnings of the Group will decrease. The total consideration represents a discount of approximately 2.6% to the said net book value.

In view of the above negligible discount to the net book value of the asset to be realized, the Directors consider the terms of the Transactions are fair and reasonable and are in the interests of the Company and its independent Shareholders as a whole.

Financial results of WQKC for the last two financial years

A summary of 53% share of the audited net losses (both before and after taxation and extraordinary items) of WQKC attributable to the Group under PRC GAAP for the two financial years immediately preceding the Transactions is shown as follows:

	For the year ended 31 December 2007 <i>(RMB'000)</i>	For the year ended 31 December 2006 <i>(RMB'000)</i>
Share of net losses before taxation and extraordinary items	10,385	8,260
Share of net losses after taxation and extraordinary items	10,385	8,364

LETTER FROM THE BOARD

Conditions precedent

The Transactions are subject to the Shareholders' approval requirements as stipulated in the Listing Rules and the approvals by the relevant local government authorities including the local Business Administration Bureau of Shanghai.

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

As set out above, WQKC is in a continual loss position and the Directors do not expect any significant turnaround in the foreseeable future. The disposal of the entire equity interest in WQKC will prevent the Group from sharing further losses, and improve the Group's overall profitability, liquidity and cash flow.

Connected relationship

The purchaser, SHTI, is a connected person of the Company under the Listing Rules by virtue of its being a direct substantial shareholder of WQKC. Therefore the entering into of the Transactions constituted connected transactions for the Company under Rule 14A.13 of the Listing Rules. As all of the percentage ratios as defined in the Listing Rules contemplated in the Transactions in aggregate is more than 2.5% and the total consideration is not less than HK\$10,000,000, the Transactions are subject to, among other things, independent Shareholders' approval requirements.

As certain of the percentage ratios are more than 5% but less than 25%, the Transactions in aggregate also constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

Details of the Transactions will 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 28 and 29 of this circular. At the EGM, resolution 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 8 of this circular which contains the recommendations of the Independent Board Committee to the independent Shareholders regarding the resolution to approve the Transactions and (ii) the letter from AsiaVest Partners Limited set out on pages 9 to 16 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 resolution 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)

22 April 2008

To the independent Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
DISPOSAL OF 53% EQUITY INTEREST IN WQKC**

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 22 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 resolution 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

22 April 2008

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

Dear Sirs/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS DISPOSAL OF 53% EQUITY INTEREST IN WQKC

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 the equity interests in Shanghai Wu Qi Kwoon Chung Public Transport Co. Ltd. (“WQKC”) to Shanghai Transport Investment (Holdings) Co. Ltd. (“SHTI”), particulars of which are set out in the “Letter from the Board” (the “Letter”) contained in the circular of the Company dated 22 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 25 March 2008, issued on 1 April 2008 that the Company through KC China, one of its wholly owned subsidiary, and PDKC, entered into two Equity Transfer Agreements respectively, pursuant to which KC China as the beneficial vendor agreed to sell all its 47% and 6% (via PDKC) equity interest in WQKC to SHTI, a connected person of the Company for considerations of RMB55,640,000 (equivalent to approximately HK\$61,822,000) and RMB7,090,000 (equivalent to HK\$7,878,000), with the result that on Completion, the Company will hold no more equity interest in WQKC.

The Company operates transportation and tourism services in Hong Kong and Mainland China. The two Transactions constitute discloseable and connected transactions under Chapter 14 and 14A of the Listing Rules respectively.

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.

LETTER FROM ASIAVEST PARTNERS LIMITED

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. 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 and were based on honestly-held opinions. 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.

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

(i) 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”).

LETTER FROM ASIAVEST PARTNERS LIMITED

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.

(ii) Background information of WQKC

WQKC is a company incorporated in Mainland China, which is principally engaged in the provision of bus services in Shanghai of Mainland China. WQKC is currently running approximately 38 bus routes with approximately 960 buses and 81 taxis, mainly in the Puxi area of Shanghai.

The unaudited net book value of 53% equity interest in WQKC in the Group's book under HKGAAP is estimated to be approximately RMB64,420,000 (equivalent to approximately HK\$71,578,000) as at 29 February, 2008

(iii) Basis of consideration for the Disposal

(a) Business environment

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

The reason for the Disposal was in line with the disclosures under the section of business strategies in the Company's annual report which emphasised the needs to consolidate its existing operations in Mainland China. The profitability of those operations in Mainland China has been greatly challenged by higher fuel costs, salary increases, keen competition from other means of public transport and the greater requirements to focus on improved services to riders. In addition, WQKC has been in continual loss position. The disposal of the equity interest in WQKC is considered by the Directors, will prevent the Group from sharing further losses, and improve the Group's overall profitability, liquidity and cash flow, because it is not expected that such loss will be turned around in the foreseeable future.

Based on the reasons stated above, we are of the opinion that the decision to divest the interest in WQKC is in the interests of the Company and independent Shareholders as a whole.

(b) Basis of consideration by referencing to consummated comparable transactions

According to the International Financial Reporting Standards Definitions on "Fair Value", it is stated as "the amount for which an asset could be exchange or a liability settled between knowledgeable willing parties in an arm's length transaction". It is therefore appropriate to make reference to past transactions to determine whether the transactions are fair and reasonable.

LETTER FROM ASIAVEST PARTNERS LIMITED

Based on official announcements published by listed companies in Hong Kong between 1 January 2004 to 1 April, 2008, the date of announcement of the Company in relation to the Transactions, we have carried out research on the market statistics for the transport sector and have identified 11 transactions involving the sales and purchase of transport companies in HK and Mainland China (the “Comparable Transactions”). We considered having carried out our best endeavors to select meaningful Comparable Transactions. However, we do not guarantee that these Comparable Transactions represent a complete list of similar transactions announced by listed companies in Hong Kong during the time period specified above. We set out below details of the Comparable Transactions for comparison purposes:

Date of Announcement	Company	Target Company/Assets	% of Interest Acquired/ Disposed	PE Ratio	P/B Ratio
The Transaction 1 Apr 2008	The Group	Disposal of 53% equity interest of WQKC to SHTI for cash	53%	N/A <i>(Note 1)</i>	0.97
Comparable Transactions					
15 Nov 2007	The Group	Disposal of 52.5% interest GFTZ Xing Hua Tourism Bus Co. Ltd., a company which is in the running of intra-city bus services in Guangzhou City of Mainland China.	52.5%	N/A <i>(Note 1)</i>	1.06 <i>(Note 2)</i>
15 Nov 2007	The Group	Acquisition of 30% interest in GFTZ Xing Hua International Transport Ltd. which is a Company engaged in the running of long-distance bus services in Guangdong Province of Mainland China.	30%	N/A <i>(Note 1)</i>	1.04 <i>(Note 2)</i>
2 Oct 2007	The Group	Disposal of 50% contractual joint venture interest in Guangzhou Kwoon Chung Bus Co. Ltd., which is principally engaged in bus transport business in Guangzhou of the Mainland China.	50%	N/A	1.01 <i>(Note 2)</i>
2 Oct 2007	The Group	Acquisition of 40% equity joint venture interest in Guangzhou City No.2 Public Bus Company, which is principally engaged in bus transport business in Guangzhou of the Mainland China	40%	N/A <i>(Note 1)</i>	0.93

LETTER FROM ASIAVEST PARTNERS LIMITED

Date of Announcement	Company	Target Company/Assets	% of Interest Acquired/ Disposed	PE Ratio	P/B Ratio
13 Dec 2006	The Group	Disposal of 90% equity interest in Shanghai Puidong Kwoon Chung Public Transport Company Limited, which is principally engaged in the provision of bus services in Shanghai of Mainland China. The payment terms of this transaction spread over 2 years period.	90%	N/A <i>(Note 1)</i>	1.15 <i>(Note 2)</i>
16 Jun 2006	The Group	Acquired 51% equity interest in Lixian Bipenggou Tourism Development Company Ltd., a company incorporated in Sichuan Province of the PRC which is principally engaged in tourism and travel related business in the PRC.	51%	219x	1.00
26 May 2006	The Group	Dispose of its equity of Guangzhou City Panguang Public Bus Company Ltd., a company principally engaged in the provision of transportation and bus terminal services in Hubei Province of Mainland China.	23.693%	94x	1.03 <i>(Note 2)</i>
10 Jan 2006	AMS Public Transport Holdings Limited (Stock code 077)	Chinalink Express Holdings Limited, which is principally engaged in the provision of cross-border coach services between Hong Kong and Guangdong province.	80%	9.8	2.9
24 Dec 2004	The Group	Guangzhou City New Era Express Company Limited, which operates inter-city bus transport within Guangdong Province of the PRC.	56%	9.4	1.3
7 Sep 2004	The Group	Hubei Shenzhou Transportation Group Company Limited, which provides transport service in Hubei province	100%	N/A <i>(Note 1)</i>	0.8

LETTER FROM ASIAVEST PARTNERS LIMITED

Date of Announcement	Company	Target Company/Assets	% of Interest Acquired/ Disposed	PE Ratio	P/B Ratio
17 Mar 2004	Argos Enterprise (Holdings) Limited (Stock code 8022)	Chongqing Wanzhou Public Transport Company, which owned bus depot, drivers training school complex, quarters and office building as well as the 40% interest in Chongqing Wanzhou Argos which engaged in the provision of public bus transport and related services in the PRC, which including the hire-a-bus and employee services, subcontracting, rental and rental of fleet body for advertising.	100%	N/A (Note 1)	1.2

Source : The Stock Exchange of Hong Kong Limited (www.hkex.com.hk)

Note 1 : The acquired entity was loss making for the financial year prior to the acquisition/disposal.

Note 2 : For transactions which involved the exchange of assets or the settlement of the considerations by extended installment payment terms, the valuations are therefore priced at slightly above the net asset value to take into the pricing factor of the non-cash considerations and the time value for money, whereby no adjustment had been made by us when evaluating the Price/Book ratio.

Based on the above Comparable Transactions, we note that for those transactions that involve the transfer of interest for loss making enterprises, the P/B ratios were near the low end of the range. Also based on the transactions comparison, we note that the P/B ratio used to determine the fair value of the transfer for the Transactions under consideration is within the range of the Comparable Transactions.

In order to further enhance our analysis, we also take the P/B ratios of Comparables Companies on the Stock Exchange of Hong Kong as an additional reference. To the best of our knowledge, we identify five listed companies, including the Company (the “Comparable Companies”) in Hong Kong engaging principally in transport businesses, namely:–

Company	Business Scope	P/B Ratio
AMS Public Transport Holdings Limited (“AMS”) (Stock code 077)	AMS is mainly engaged in the operation of green minibus routes and the provision of public light bus related services in Hong Kong	1.62

LETTER FROM ASIAVEST PARTNERS LIMITED

Company	Business Scope	P/B Ratio
Transport International Holdings Limited (previously, Kowloon Motor Bus Holdings Limited) (“TIH”) (Stock code 062)	The TIH group is the holding company of The Kowloon Motor Bus Company (1933) Limited, RoadShow Holdings Limited and other leading service providers in the franchised public bus non-franchised transport and media sales sectors. The geographic reach of the Group’s operations spans key cities in China Mainland and Hong Kong where it also has business interests in property holdings and development.	1.93
MTR Corporation Limited (“MTRC”) (Stock code 066)	MTRC is a leading mass transport service provider in HK with core business engaged in the ownership and operation of the Mass Transit Railway (“MTR”). It is also engaged in property development at locations relating to the railway system.	1.65
Argos Enterprise (Holdings) Limited (“Argos”) (Stock code 8022)	Argos provides various forms of public transport services in the PRC including (1) public routes and tourist routes bus services with fixed fares, schedules and routes; (2) taxi services; (3) private bus chartered services, (4) tour services and (5) travel agents services.	0.00 <i>(Note 1)</i>
Kwoon Chung Bus Holdings Limited (“The Group”) (Stock code 306)	The Group provides non-franchised and franchised bus services in Hong Kong and the PRC	0.54
Range		0.54 to 1.93

Note 1 : Argos was suspended for trading and registered negative net asset value and loss per share, therefore the ratio is calculated as zero.

Note 2 : Basis of calculation of P/B ratio: book value as reported by the latest audited financial statements over market closing price on 25 March, 2008 being the date of the transfer agreements.

Note 3 : NWS Holdings which operates the NW First Bus has been excluded due to diversification of it’s investment portfolio into waste treatment, water treatments, developments of ports and roads and is no loner engaged principally in transport business.

LETTER FROM ASIAVEST PARTNERS LIMITED

Based on the statistics of Comparables Companies, we note that the P/B ratio of the Transaction is within the range of the market price/book of those Comparables Companies. The value of the consideration represents an aggregate discount of approximately 2.6% of the net asset value in of WQKC and is in line with the ratios calculated based on the above stated references of Comparables Transactions and Comparable Companies.

Therefore, based on the above statistics of the Comparables Transactions and Comparable Companies, we are of the opinion that the consideration for the Transactions 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, we would like to draw your attention to the following key factors in arriving at our recommendation:

- (i) the need to focus on improving of services and profitability of the Group;
- (ii) the fair market value of the assets disposed of, based on market conditions and precedent cases;
- (iii) the terms of the Agreements which provides a basis of exchange between parties on fair value assessment 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; and
- (v) The sale of WQKC could improve the cash-flow and reduce the leverage of the Group which will put the Group into a better position should other investment opportunities, if any, arise in the future.

As a result, 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 resolution to the Transactions to be approved at the EGM.

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

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
Ng King Yee	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.8440	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.1260	1.160	N/A

GENERAL INFORMATION

Name 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>
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.*

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		
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		

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			
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 ⁽²⁾	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	-	75,342,000	-	75,342,000	19.08

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 EXPERT'S 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. EXPERT

The following is the qualification of the expert which has given opinion or advice which is contained in this circular:

Names	Qualification
AsiaVest Partners Limited, the independent financial adviser	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the expert was 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 expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the texts of its letter and reference to its name, in the form and context in which they respectively appear. The letter from expert is 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 22 April 2008 to 9 May 2008:

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

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.

NOTICE OF THE EXTRAORDINARY 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 Friday, 9 May 2008 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the two agreements (the “Equity Transfer Agreements”) in Chinese dated 25 March 2008 entered into between KC China and PDKC as the vendors respectively and SHTI as the purchaser pursuant to which KC China and PDKC agreed to sell 53% equity interest in WQKC in total to SHTI, 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 22 April 2008, and the transactions contemplated under the Equity Transfer Agreements, be and they are hereby approved, ratified, and confirmed and any Director of the Company be and is hereby authorized to take such action, do such things and execute such further documents or deeds as such Director may, in his opinion, deem necessary or desirable for the purpose of implementing the Equity Transfer Agreements.”

By order of the Board
Wong Chung Pak, Thomas
Chairman

Hong Kong, 22 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 Wednesday, 7 May 2008 to Friday, 9 May 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 Tuesday, 6 May 2008.