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CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 026)

**MAJOR TRANSACTIONS
IN RELATION TO
THE DISPOSAL OF PROPERTY
AND
THE PROVISION OF FINANCIAL ASSISTANCE
TO THE JOINT VENTURE COMPANY**

A letter from the Board is set out on pages 4 to 15 of this circular.

A notice convening the EGM to be held at the registered office of the Company at 391 Chai Wan Road, Chai Wan, Hong Kong on Thursday, 16 July 2015 at 2:30 p.m. is set out on pages 30 to 31 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 391 Chai Wan Road, Chai Wan, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

23 June 2015

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Affluent Dragon”	Affluent Dragon Island Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Basic Terms Offer”	has the meaning ascribed to it under the section headed “The Sale and Purchase Agreement — Information on the Property” in this circular
“Board”	the board of Directors
“Bright Faith”	Bright Faith Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of Swire Properties
“Business Days”	means a day (other than a Saturday or Sunday) on which licensed banks are open for general normal banking business in Hong Kong
“Company”	China Motor Bus Company, Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 026)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Disposal”	the disposal of the Property pursuant to the Sale and Purchase Agreement
“Disposal Completion”	the completion of the Disposal
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary meeting of the Company to be held on Thursday, 16 July 2015 to consider and approve the Disposal and the provision of the Financial Assistance
“Exit Right”	a right granted to Bright Faith to call upon Affluent Dragon to acquire its interest in Windcharm at the Exit Right Exercise Price
“Exit Right Exercise Price”	the exercise price of the Exit Right

DEFINITIONS

“Financial Assistance”	the financial assistance to be provided by Affluent Dragon (including its subsidiary, parent company or subsidiaries of its parent company) to Joyful Sincere by way of shareholder’s loan(s) to Joyful Sincere pursuant to the Funding Agreement, subject to the Overall Cap
“Funding Agreement”	the funding agreement dated 29 May 2015 entered into between Swire Properties, Bright Faith, the Company, Affluent Dragon and Windcharm in relation to the respective funding obligations of Affluent Dragon and Bright Faith to Joyful Sincere as the JV Shareholders
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joyful Sincere”	Joyful Sincere Limited, a company incorporated in Hong Kong and a single purpose vehicle established for the purpose of engaging in the acquisition, holding and redevelopment of Property which will be held for sale, and is wholly owned by Windcharm
“JV Group”	Windcharm and Joyful Sincere
“JV Shareholders”	the shareholders of Windcharm, namely Affluent Dragon and Bright Faith
“Land Exchange”	the surrender of the Property by Joyful Sincere to the Government in exchange for the grant of a new lot to Joyful Sincere to permit the redevelopment in accordance with the Planning Approval to be carried out
“Latest Practicable Date”	17 June 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Overall Cap”	HK\$1,958,000,000, being the maximum shareholder’s loan that may be provided by Affluent Dragon to Joyful Sincere
“Planning Approval”	the planning permission for the redevelopment of the Property as granted by the Town Planning Board in a letter dated 13 September 2013 subject to the planning conditions set out therein

DEFINITIONS

“Priority Shareholders’ Loans”	has the meaning ascribed to it under the section headed “Provision of Financial Assistance to Joyful Sincere” in this circular
“Property”	the piece or parcel of ground registered in the Land Registry as Chai Wan Inland Lot No. 88 together with the messuages erections and buildings thereon now known as No. 391 Chai Wan Road, Chai Wan, Hong Kong or (where the context so requires) the new lot granted under the Land Exchange
“Resolution”	the ordinary resolution to be proposed at the EGM as set out in the Notice of the Extraordinary Meeting which is set out on pages 30 and 31 of this circular
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 May 2015 entered into between the Company and Joyful Sincere in relation to the Disposal
“SFO”	Securities and Futures Ordinance
“Shareholder(s)”	the shareholder(s) of the Company from time to time
“Shareholders’ Agreement”	the shareholders’ agreement in relation to Windcharm dated 29 May 2015 entered into between Swire Properties, Bright Faith, the Company, Affluent Dragon and Windcharm
“Special Profit Payment”	has the meaning ascribed to it under the section headed “Profit and dividend arrangement” in this circular
“Shareholders’ Approval”	the approval of the Disposal and the provision of the Financial Assistance by the Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules
“Swire Properties”	Swire Properties Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1972)
“Windcharm”	Windcharm Investments Limited, a company incorporated in the British Virgin Islands which is owned by Affluent Dragon and Bright Faith as to 20% and 80% of its issued share capital respectively and established for the holding of Joyful Sincere
“%”	per cent

LETTER FROM THE BOARD



CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 026)

Executive Directors:

NGAN Kit-ling, J.P. (*Chairman & Managing Director*)

Dr. NGAN Kit-keung, D.Sc., Ph.D., D.B.A., F.I.Mgt., F.C.I.D., F.I.T.L., F.A.A.S., P.Eng.
(*Assistant Managing Director*)

Dr. Henry NGAN

Registered Office:

391 Chai Wan Road

Chai Wan

Hong Kong

Non-executive Director:

Fritz HELMREICH

Independent Non-executive Directors:

Dr. LIU Lit-mo, L.L.D., M.B.E., J.P.

Anthony Grahame STOTT, B.Sc., F.F.A.

Stephen TAN

23 June 2015

To the Shareholders,

Dear Sir or Madam,

**Major Transactions
in relation to
the Disposal of Property
and
the Provision of Financial Assistance
to the Joint Venture Company**

INTRODUCTION

On 29 May 2015, the Board announced that the Company (as the vendor) and Joyful Sincere (as the purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and Joyful Sincere, a company wholly owned by Windcharm, in which the Company, through Affluent Dragon, its wholly owned subsidiary, holds 20% of its issued share capital

LETTER FROM THE BOARD

(comprising two ordinary shares and, in due course, one non-voting dividend share) and Swire Properties, through Bright Faith, its wholly owned subsidiary, holds the remaining 80% of its issued share capital (comprising eight ordinary shares), has conditionally agreed to acquire the Property at a cash consideration of HK\$850 million.

Further, Swire Properties, Bright Faith, the Company, Affluent Dragon and Windcharm entered into the Funding Agreement pursuant to which the Company has conditionally agreed that all funding required by Joyful Sincere shall be contributed by Affluent Dragon and Bright Faith (including their respective subsidiaries, parent companies or subsidiaries of their respective parent companies) by way of shareholders' loans in proportion to their respective shareholding in Windcharm provided that Affluent Dragon may at any time elect not to provide any further shareholders' loans if the total shareholders' loan provided by the Group to Joyful Sincere shall exceed HK\$1,768,000,000. To provide greater flexibility to Joyful Sincere in its operation, the Directors believe that it would be in the interest of the Company and the Shareholders that the Board be empowered, if the Board considers it appropriate so to do, to authorise the provision of further shareholders' loan to Joyful Sincere beyond HK\$1,768,000,000, subject to the Overall Cap of HK\$1,958,000,000.

The purpose of this circular is to provide you with, among other things, (i) details of the Disposal; (ii) the provision of the Financial Assistance; and (iii) a notice of the EGM.

THE SALE AND PURCHASE AGREEMENT

Date

29 May 2015

Parties

- (i) the Company, as the vendor
- (ii) Joyful Sincere, as the purchaser

Joyful Sincere, a company incorporated under the laws of Hong Kong with limited liability, is a special purpose vehicle formed by Windcharm for the purpose of holding, acquiring and redeveloping the Property for sale. Further details of the Property are set out in the section headed "Information on the Property" below in this circular.

Windcharm is owned by Affluent Dragon and Bright Faith as to 20% and 80% of its issued share capital. Further details of Windcharm are set out in the section headed "Further particulars of Windcharm" below in this circular. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Swire Properties is a third party independent of the Company and its connected persons.

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Consideration and payment terms

The consideration for the Disposal is HK\$850 million, and shall be payable by Joyful Sincere in the following manner:

- (i) a deposit of HK\$85 million, representing 10% of the consideration, shall be paid within three business days following receipt by Joyful Sincere of the written notification of the obtaining of the Shareholders' Approval in accordance with the Sale and Purchase Agreement; and
- (ii) the remaining balance of HK\$765 million, representing 90% of the consideration, shall be paid on or before Disposal Completion.

The consideration was determined after arm's length negotiations between the Company and Swire Properties with reference to (i) the carrying value of the Property of HK\$805 million as of 31 December 2014, which also reflects the fair value as determined by an independent property valuer as of 31 December 2014, and (ii) the prevailing market conditions. In conducting the negotiations, account was also taken of the Company's entitlement to the Special Profit Payment as more particularly described in the section headed "Profit and dividend arrangement".

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal (including the consideration) to be fair and reasonable and in the interest of the Shareholders as a whole.

Condition

The Sale and Purchase Agreement is conditional on the Company having obtained the approval from its Shareholders for the Disposal and the provision of the Financial Assistance as more particularly described in the section headed "Provision of Financial Assistance to Joyful Sincere" in this circular below (i.e. the "**Shareholders' Approval**") by 14 August 2015.

Disposal Completion

Disposal Completion shall take place on the earlier of:

- (i) if the Basic Terms Offer is acceptable to Joyful Sincere and Joyful Sincere has given a notice to complete the Disposal to the Company on this basis, the earlier of (A) the expiry of 14 days after the date of such notice; or (B) three Business Days immediately preceding the deadline for accepting the Basic Terms Offer and payment of 10% of the premium as deposit under the Basic Terms Offer;
- (ii) irrespective of whether the Basic Terms Offer shall have been made or accepted by Joyful Sincere but Joyful Sincere has given a notice to complete the Disposal to the Company, the later of (A) the expiry of 14 days after the date of such notice; or (B) 1 July 2017; or

LETTER FROM THE BOARD

- (iii) the expiry of 50 months (extendable to 62 months if a written notice has been given by the Company to Joyful Sincere requesting for an appeal to be made against the premium payable under the Basic Terms Offer) after the Shareholders' Approval has been obtained;

but which shall not in any event be earlier than 1 July 2017.

If the Planning Approval shall have ceased to be valid after 23 August 2017 or if no Basic Terms Offer on terms which are acceptable to Bright Faith is obtained by the expiry of the period of time more particularly described in the section headed "Further particulars of Windcharm — Swire Properties's exit right" in this circular, Bright Faith is entitled to call upon Affluent Dragon to acquire its interest in Windcharm (further details of which are set out in that section).

Information on the Property

The Property, a piece of land registered in the Land Registry as Chai Wan Inland Lot No. 88, is located at No. 391 Chai Wan Road, Chai Wan, Hong Kong, and has a site area of approximately 102,420 square feet. The Property has been rezoned and designated as a Comprehensive Development Area and Open Space under the current Approved Chai Wan Outline Zoning Plan No. S/H20/21. In August 2013, Planning Approval was granted by the Town Planning Board to redevelop the site of the Property, together with certain adjoining land, into a residential and commercial complex, comprising three residential towers, with shops, a covered public transport terminus and a public open space subject to a number of planning conditions. Under the existing Government Lease of the Property, the use of the Property is restricted to industrial purposes and/or godown purposes and/or a bus depot and/or the maintenance, servicing and repairing of buses or other motor vehicles and/or building contractor's yard, timber yard, or repair yard for motor vehicles and/or open storage.

Since obtaining the Planning Approval, the Company has been studying the best ways of fulfilling the planning conditions for the grant of the Planning Approval and no development work has commenced prior to the signing of the Sale and Purchase Agreement.

After the Shareholders' Approval has been obtained, it shall be the responsibility of Joyful Sincere under the Sale and Purchase Agreement to do the following (and in turn it shall be the responsibility of Bright Faith under the Shareholders' Agreement to use all reasonable efforts to arrange for the same):-

- (i) take all reasonable steps to:
- (a) fulfill the conditions for the grant of the Planning Approval and to obtain the approval of the general building plans in relation to the redevelopment of the Property so as to commence development work before 23 August 2017; and
 - (b) apply to the Lands Department of Hong Kong for the Land Exchange to permit the Property to be redeveloped in accordance with the Planning Approval.

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- (ii) take all reasonable and necessary steps to obtain an extension of the validity of the Planning Approval if not all the planning conditions can be satisfied or the development work cannot commence before 23 August 2017.

Unless Bright Faith has indicated its acceptance of the premium payable under the basic terms of the Land Exchange (“**Basic Terms Offer**”), Affluent Dragon may cause a written notice to be given by the Company or Affluent Dragon to Joyful Sincere requiring Joyful Sincere to appeal against the premium payable under the Basic Terms Offer for up to 2 times.

It is intended that after the Land Exchange has been granted, Joyful Sincere will redevelop the Property, together with certain adjoining land, into three residential towers comprising a total of 780 residential units with a total residential gross floor area of approximately 64,314 square meters, with shops, a covered public transport terminus and a public open space. As regard the project timetable, the Planning Approval requires the development to commence no later than 23 August 2017, unless the validity of the Planning Approval is extended. The Shareholders’ Agreement targets a Basic Terms Offer having been made and accepted by the expiry of 48 months (extendable to 60 months if a written notice has been given by the Company to Joyful Sincere requesting for an appeal to be made against the premium) after the Shareholders’ Approval has been obtained.

The Property is currently leased out for rental income and subject to existing tenancy agreement(s) but will, pursuant to the Shareholders’ Agreement, be redeveloped by Joyful Sincere for sale. The net profit before taxation representing rental income, ordinary operating expenses directly attributable to the Property and the valuation gain (if any) for the two financial years ended 30 June 2014 and 2013 were approximately HK\$332.2 million (of which approximately HK\$330 million was a valuation gain) and HK\$2.0 million, respectively. The net profit after taxation attributable to the Property for the two financial years ended 30 June 2014 and 2013 were approximately HK\$332.2 million and HK\$2.0 million, respectively, as the income tax was negligible for both years.

As at 31 December 2014, the carrying value of the Property was HK\$805 million.

Use of Proceeds

The Board intends to apply the entire amount of proceeds from the Disposal for financing the redevelopment of the Property pursuant to the Funding Agreement.

PROVISION OF FINANCIAL ASSISTANCE TO JOYFUL SINCERE

The Funding Agreement

On 29 May 2015, Swire Properties, Bright Faith, the Company, Affluent Dragon and Windcharm entered into the Funding Agreement in relation to the respective funding obligations of Affluent Dragon and Bright Faith to Joyful Sincere as the JV Shareholders.

Pursuant to the terms of the Funding Agreement and conditional upon the obtaining of the Shareholders’ Approval, the parties thereto agreed that all funding required by Joyful Sincere shall be contributed by Affluent Dragon and Bright Faith (including their respective subsidiaries, parent

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companies or subsidiaries of their respective parent companies) by way of shareholders' loans in proportion to their respective shareholding in Windcharm. The shareholders' loans advanced to Joyful Sincere for (i) financing the purchase price of the Property, the stamp duty in respect of the acquisition of the Property by Joyful Sincere, the premium (and any relevant administrative fee(s)) in respect of the Land Exchange under the Basic Terms Offer and the costs incidental to the incorporation of Windcharm and Joyful Sincere; and (ii) on-lending to Windcharm, shall be interest free.

Further shareholders' loans advanced to Joyful Sincere to finance its other funding needs will bear simple interest at the rate of 4.5% per annum if Joyful Sincere has surplus funds to pay such interest after (i) the total project costs shall have been paid in full, or full provision shall have been made therefor; (ii) all principal and interest owing from Joyful Sincere in respect of any bank borrowings and the Priority Shareholders' Loans (both as mentioned below) shall have been paid in full; and (iii) all principal monies owing from Joyful Sincere in respect of all other shareholders' loans shall have been repaid in full.

The shareholders' loans advanced to Joyful Sincere shall be repayable by Joyful Sincere in full if sufficient funds are available to Joyful Sincere. As regard the timing for repayment, the shareholders' loans shall be repaid at such time and in such amount as the board of Windcharm from time to time determine, such that (i) all shareholders' loans shall be repaid at the earliest opportunity out of surplus funds of the JV Group before declaration of dividend; and (ii) the Priority Shareholders' Loans shall be repaid first and all other shareholders' loans shall be repaid on a pro rata basis in accordance with the terms of the Funding Agreement.

Affluent Dragon may at any time elect not to provide any further shareholders' loans if the total shareholders' loan provided by Affluent Dragon to Joyful Sincere shall exceed HK\$1,768,000,000.

The amount of HK\$1,768,000,000 has been arrived at having regard to Affluent Dragon's shareholding percentage of the preliminary estimated total development costs of the Property, including the consideration payable by Joyful Sincere for the Disposal, the land premium for the Land Exchange, construction costs, professional fees, project management fee, sales and marketing expenses and interest.

In the event that Affluent Dragon elects not to provide any further shareholders' loan to Joyful Sincere, Bright Faith may elect to:

- (i) contribute Affluent Dragon's portion of the additional funding, and the respective shareholdings of Affluent Dragon and Bright Faith in Windcharm shall be adjusted so that the proportions in which the JV Shareholders hold Windcharm's shares shall be the same as the proportions in which the JV Shareholders have contributed to the funding required by Joyful Sincere; or
- (ii) contribute Affluent Dragon's portion of the additional funding by additional shareholders' loans at a simple interest rate of 4.5% per annum, and such loan (the "**Priority Shareholders' Loans**") shall be repaid in priority to all other shareholders' loans contributed by the JV Shareholders.

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In view of the foregoing, and to provide greater flexibility to Joyful Sincere in its operation, the Directors believe that it would be in the interest of the Company and the Shareholders that the Board be empowered, if the Board considers it appropriate so to do, to authorise the provision of further shareholders' loan to Joyful Sincere beyond HK\$ 1,768,000,000, subject to the Overall Cap of HK\$1,958,000,000, thereby allowing for a margin of about 10.7% for contingency. It is expected that the Financial Assistance, if provided, will be provided by the Group from its internal resources and the cash deposits including proceeds arising from the Disposal.

In order to cater for possible future costs overruns, in the event of the construction costs (including professional fees and project management fees) exceeding the present estimated amount of HK\$4,600,000,000, Joyful Sincere may, in addition to the funding from its shareholders, seek to obtain bank borrowings for the amount of the excess.

FURTHER PARTICULARS OF WINDCHARM

As mentioned above, the issued share capital of Windcharm is owned as to 20% thereof (comprising two ordinary shares and, in due course, one non-voting dividend share) by Affluent Dragon and as to the remaining 80% thereof (comprising eight ordinary shares) by Bright Faith. Windcharm is established solely as the holding vehicle of Joyful Sincere. Joyful Sincere is a single purpose vehicle established for the purpose of engaging in the acquisition, holding and redevelopment of the Property for sale.

The Shareholders' Agreement

On 29 May 2015, Swire Properties, Bright Faith, a wholly owned subsidiary of Swire Properties, the Company, Affluent Dragon, a wholly owned subsidiary of the Company and Windcharm also entered into the Shareholders' Agreement in relation to among other things, the operation of Windcharm. Set out below are the major terms of the Shareholders' Agreement:

Board Composition

Affluent Dragon shall be entitled to nominate one director of Windcharm and one director of Joyful Sincere. Bright Faith shall be entitled to nominate four directors of Windcharm and four directors of Joyful Sincere. Dr Henry Ngan, as the person nominated by Affluent Dragon to the respective boards of Windcharm and Joyful Sincere, was on 29 May 2015 appointed as a director of both Windcharm and Joyful Sincere.

Swire Properties's exit right

Affluent Dragon has granted to Bright Faith the right to exit by requiring Affluent Dragon to acquire the 80% shareholding interest held by Bright Faith in Windcharm at the Exit Right Exercise Price at any time before Disposal Completion takes place and upon the happening of any of the following events:

- (i) if the Planning Approval ceases to be valid; or

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- (ii) if, after the expiry of 48 months (extendable to 60 months if a written notice has been given by the Company to Joyful Sincere requesting for an appeal to be made against the premium payable under the Basic Terms Offer) after the Shareholders' Approval has been obtained, no Basic Terms Offer which is acceptable to Bright Faith can be obtained.

The Exit Right shall lapse and cease to be exercisable if it is not exercised within 60 days after such right has become exercisable. The Exit Right shall lapse and shall cease to be exercisable after Disposal Completion. The Exit Right Exercise Price shall be determined by reference to (i) 80% of the deposit paid by Joyful Sincere to the Company under the Sale and Purchase Agreement (i.e. HK\$68 million); plus (ii) 80% of the stamp duty refunded by the Government to Joyful Sincere on cancellation of the Sale and Purchase Agreement or, if the Sale and Purchase Agreement has not been cancelled after nine months from the exercise of the Exit Right, 80% of the stamp duty paid by Joyful Sincere on the Sale and Purchase Agreement, less (iii) 80% of the accrued and un-discharged liabilities of Windcharm and/or Joyful Sincere up to the date of exercise of the Exit Right. It is expected that the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Exit Right with reference to the Exit Right Exercise Price will all be less than 5%.

Management of the development of the Property

So long as Swire Properties shall hold (directly or indirectly) not less than 80% of the issued shares of Windcharm, Swire Properties or its subsidiary shall be appointed as the project manager to supervise, manage and control the redevelopment of the Property. A subsidiary of Swire Properties shall be appointed to act as the sales agent of Joyful Sincere and the first estate manager of the Property.

Profit and dividend arrangement

If the total project profit of Joyful Sincere as determined in accordance with the Shareholders' Agreement exceeds 25% of the total project costs as determined under the Shareholders' Agreement, 20% of the excess profit (but subject to a cap of HK\$300 million) (the "**Special Profit Payment**") shall, following the repayment of all shareholders' loans and interest (if any) due from Joyful Sincere but before payment of tax by Joyful Sincere, be paid by Windcharm to Affluent Dragon, by way of dividend in respect of its non-voting dividend share, as Special Profit Payment in priority to the payment of other dividends to the JV Shareholders in accordance with their respective shareholding interest in Windcharm.

Reserved matters

It is provided in the Shareholders' Agreement that certain matters shall be subject to unanimous approval of the JV Shareholders, including but not limited to the following matters:

- (i) any change in the nature or scope of the business of the JV Group or the carrying on or engaging in any business other than the business specified in the Shareholders' Agreement; and
- (ii) the entering into of any transactions which are not on an arm's length basis by the JV Group.

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Termination

If the Shareholders' Approval shall not have been obtained by 14 August 2015, the Shareholders' Agreement, the Sale and Purchase Agreement and the Funding Agreement shall be immediately terminated without any compensation and costs and steps shall be taken to put Windcharm and Joyful Sincere into liquidation.

REASONS AND BENEFITS FOR AND IMPACT OF THE DISPOSAL AND PROVISION OF FINANCIAL ASSISTANCE

The principal activities of the Group are property development and investment.

The Property is currently classified as held for investment purposes and at present derives rental income for the Company. The Planning Approval has been obtained from the Town Planning Board to redevelop the site of the Property, together with certain adjoining land, into a residential and commercial complex, subject to a number of planning conditions. As stated in the 2014/2015 interim report of the Company, the Company has been studying the best ways of fulfilling the planning conditions laid down by the Town Planning Board and actively taking steps to explore its options regarding the redevelopment of the Property, with a view to bringing the optimum return for the Company.

The Group has had many successful property joint ventures/collaboration with Swire Properties in the past two and a half decades, including the residential/office/commercial development at Island Place, North Point (Inland Lot No. 8849), the residential development at Les Saisons, Sai Wan Ho (Shau Kei Wan Inland Lot No. 843), the office development at 625 King's Road (Inland Lot No. 7550) and the residential development, with shops, at Island Lodge, North Point (Inland Lot No. 7105). A joint venture company owned by the Group and Swire Properties is currently undertaking a Grade A office development at Wong Chuk Hang Road, Aberdeen (Aberdeen Inland Lot No. 461). Swire Properties is a prominent property developer and has a proven record of high-quality property developments in Hong Kong. By partnering with Swire Properties, the Company would be able to leverage the experience, strong track record, financial resources and brand reputation of Swire Properties in redeveloping the Property. The Directors consider the joint venture with Swire Properties to be beneficial to the Company and the Shareholders as a whole.

As mentioned above, the Financial Assistance will be used to finance the funding to Joyful Sincere in redeveloping the Property. If Joyful Sincere were to obtain bank finance for funding, the interest charges would have to be funded by Affluent Dragon and Bright Faith, and the Company will have to provide its pro rata share of the funding required for such interest. Rather than to incur such interest charges and given the current low deposit interest rate environment, the Board considers it advantageous to provide the Financial Assistance to Joyful Sincere to finance its funding requirement, other than in the event of construction costs (including professional fees and project management fees) exceeding the present estimated amount of HK\$4,600,000,000, when Joyful Sincere may seek to obtain bank borrowings for the amount of the excess.

LETTER FROM THE BOARD

Impact of the Disposal

Following the Disposal Completion, the Property will be owned by Joyful Sincere and the Group will retain an indirect 20% interest in the Property through its 20% shareholding in Windcharm. It is estimated that the Company will recognise an unaudited profit in its unconsolidated financial statements of between HK\$40 million to HK\$45 million from the Disposal netting off relevant fees and expenses.

Impact of provision of the Financial Assistance

It is intended that the Financial Assistance will be funded from internal resources and the cash deposits of the Group. Taking into account the current level of the Group's liquid assets and the projected income from both the Disposal and from the Group's operations, the Directors are of the opinion that the Group will have sufficient internal resources to meet the funding needs for the Financial Assistance and the Group's other current projects, including the joint venture with Swire Properties for the ongoing redevelopment of Aberdeen Inland Lot No. 461.

The shareholders' loans from the Group to Joyful Sincere will be classified as a loan to an associate in the consolidated balance sheet of the Company with a corresponding reduction in deposits with banks. There is no change in the consolidated net assets of the Company. The investment in Windcharm and Joyful Sincere will be accounted for as an investment in associates in the consolidated balance sheet of the Company and will be equity accounted for. Although the interest income of the Group may be reduced as a result of the provision of Financial Assistance, the reduction is not expected to be significant to the Group, given the current low interest rate environment.

The Directors (including the independent non-executive Directors) also consider that (i) the Disposal is on normal commercial terms, is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole; and (ii) the provision of the Financial Assistance is on terms which are normal for shareholders' financing, is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

INFORMATION ON COMPANY AND AFFLUENT DRAGON

The principal activities of the Company and the Group are property development and investment. Affluent Dragon is an investment holding company and a wholly owned subsidiary of the Company.

Apart from the Property, the Group's current investment portfolio in Hong Kong includes the residential/commercial development at no. 3 Jordan Road, various residential units and shops at Island Lodge (180 Java Road), various offices and residential units at Island Place (510 King's Road), and various industrial units at Chai Wan Industrial City Phase 1, while the Group's investment portfolio in the UK includes the office building at Albany House, London SW1, the office/retail building at Thanet House, Strand, London WC2, and the office building at Scorpio House, Chelsea, London SW3. In addition, the Group has a 50% interest in the office/retail development at 625 King's Road, a 40% interest in the retail centre at Island Place, and a 50% interest in the ongoing office development at Aberdeen Inland Lot No. 461 (Wong Chuk Hang Road). The Group's investment portfolio continues to bring a stable rental income for the Group.

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INFORMATION ON SWIRE PROPERTIES AND BRIGHT FAITH

Swire Properties is a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1972). Swire Properties is an investment holding company and the principal activities of its members are property investment, property trading and development and hotels. Bright Faith is an investment holding company and a wholly owned subsidiary of Swire Properties.

LISTING RULES IMPLICATIONS

The Disposal

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal will exceed 25% but will be less than 75%, the Disposal under the Sale and Purchase Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Disposal is subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules.

The Financial Assistance

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the provision of the Financial Assistance up to the Overall Cap under the Funding Agreement will exceed 25% but will be less than 100%, the provision of the Financial Assistance up to the Overall Cap by the Group constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the provision of the Financial Assistance is subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder had a material interest in the Disposal and the provision of the Financial Assistance and thus no Shareholder would be required to abstain from voting on the Resolution at the EGM.

The Disposal and the provision of the Financial Assistance is subject to the approval by the Shareholders. The redevelopment of the Property with Swire Properties pursuant to the Shareholders' Agreement is subject to the Planning Approval continuing to be valid after 23 August 2017 and the obtaining of the Basic Terms Offer that is acceptable to Swire Properties. Shareholders are further reminded that the Company will only have a minority interest in the JV Group holding the Property following completion of the Disposal. Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

EXTRAORDINARY MEETING

A notice convening the EGM to be held at the registered office of the Company at 391 Chai Wan Road, Chai Wan, Hong Kong on Thursday, 16 July 2015 at 2:30 p.m. is set out on pages 30 to 31 of this circular. At the EGM, the Resolution will be proposed to approve the Disposal and the Financial Assistance.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 391 Chai Wan Road, Chai Wan, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will demand a poll for the Resolution to be proposed at the EGM. The results of the voting will be announced by the Company after the EGM.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 14 July 2015 to Wednesday, 15 July 2015, both days inclusive. To attend and qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's Registrar (Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no later than 4:30 p.m. on Monday, 13 July 2015.

RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the Disposal and the provision of the Financial Assistance is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of the Resolution.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Ngan Kit-ling
Chairman

FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the year ended 30 June 2014 is disclosed on pages 20 to 62 of the annual report 2014 of the Company published on 30 September 2014; (ii) for the year ended 30 June 2013 is disclosed on pages 20 to 58 of the annual report 2013 of the Company published on 27 September 2013; and (iii) for the year ended 30 June 2012 is disclosed on pages 20 to 58 of the annual report 2012 of the Company published on 21 September 2012.

All of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.irasia.com/listco/hk/cmb/index.htm).

INDEBTEDNESS

As at the close of business on 30 April 2015, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group did not have any loan capital issued, any bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

Taking into account the internal and other financial resources available to the Group, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

There has been no significant change in the trend of the business and financial and trading prospects of the Group since the date of the last published interim report.

In relation to the investment properties in Hong Kong held by the Group, the Group continues to derive a stable rental income and there are signs of some upward movement of the Group's rental income. The Directors believe that in the long term both capital values and rentals are likely to continue to grow on account of demand.

In relation to the UK property portfolio held by the Group, the recent UK election result is expected to have a positive effect for the London real estate market. While there may be some uncertainty as to whether Scorpio House, the Group's investment property at Sydney Street, Chelsea, London, may be affected by the proposed Crossrail 2 Station at Chelsea, any overall impact on the Group will not be material, as this property accounts for less than 2% of the total net asset value of the Group.

For the Group's property development which is either on-going or planned, development is now proceeding with Aberdeen Inland Lot No. 461, Wong Chuk Hang Road, Aberdeen, Hong Kong, which is held by Hareton Limited, a joint venture company whose issued share capital is held as to 50% by the Company through Heartwell Limited, its wholly owned subsidiary and as to 50% by Swire

Properties Limited. This property is to be redeveloped into a 28 storeyed Grade A office building, comprising 3 levels of basement carpark, a ground floor with entrance lobby and some food and beverage outlets, 25 office floors, one refuge floor and one electrical and mechanical floor, to be held as a long term investment.

For Chai Wan Inland Lot No. 88, the Directors consider that the entering into of the Shareholders' Agreement for a joint venture with Swire Properties Limited for redeveloping the Property to be a significant step forward in unlocking, for the benefit of the Shareholders, the redevelopment value of the property.

Regarding the Group's finance income, it is anticipated that interest rates are likely to remain low in both the US and in Europe for most of 2015. This, coupled with the current volatility in the currency market, is likely to continue to impact the Group's finance income. Separately, it is anticipated that there will be a modest decrease in the level of the Group's cash reserve, as funds are used to fund the construction costs in the progressive development of the Wong Chuk Hang property. However, the Directors are of the view that the Group will continue to have sufficient working capital and liquidity to meet its on-going commitments.

The following is the full text of the valuation report received from Professional Property Services Limited prepared for the purpose of inclusion in this circular in connection with the valuation of the Property as at 30th April, 2015.



Professional Property Services Limited

Date: 23rd June, 2015

The Board of Directors,
China Motor Bus Company, Limited
391 Chai Wan Road
Chai Wan
Hong Kong

Dear Sirs,

Re: 391 Chai Wan Road, Chai Wan, Hong Kong (Chai Wan Inland Lot No. 88) (the “Property”)

In accordance with your instructions for us to carry out a valuation of the Market Value of the above Property owned by China Motor Bus Company, Limited (“the Company”) in connection with the disposal of the Property to Joyful Sincere Limited for development by Joyful Sincere Limited (the “Disposal”) as set out in the Company’s announcement dated 29th May, 2015, we confirm that we have carried out the relevant inspection, made appropriate enquiries and obtained such further information as we consider necessary for providing you with our opinion of the value of the Property as at 30th April, 2015 (the “Valuation Date”).

VALUATION BASIS AND ASSUMPTIONS

Our valuation is prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” (“the Standards”) published by The Hong Kong Institute of Surveyors (“the HKIS”).

Our valuation is undertaken on the basis of Market Value which is defined by the International Valuation Standards and adopted by the HKIS to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation has been made on the assumption that the Company sells the Property in the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the Property and excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing or special considerations or concessions granted by anyone associated with the sale or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property valued or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

VALUATION METHODOLOGY

In valuing the Property, which is currently held by the Company for investment purpose but which, we are told by the Company, will, following completion of the Disposal, be held by Joyful Sincere Limited for future redevelopment, we have adopted the residual approach which is the usual method for valuing development properties. In valuing the Property we have attempted to collect transactions of comparable sites, taking into account the location, time of transaction and user restriction but no directly relevant land sale comparable could be found. We have also made reference to sales evidence as available in the relevant market on the assumption that the Property is developed in accordance with the Town Planning Board approval set out in the Town Planning Board's letter dated 13th September, 2013. In undertaking the valuation we have assumed that all relevant approvals and agreements relating to the fulfilment of the conditions that have been imposed by the Town Planning Board as part of the existing planning approval, as well as the land exchange to permit the implementation of the proposed redevelopment of the site, could be secured from relevant Government Departments within a reasonable timeframe, and upon reasonable terms.

SOURCES OF INFORMATION

We have accepted advice given to us on such matters as title, planning approvals, building approvals, statutory notices, easements, tenure, completion date of the building, particulars of occupancy and existing tenancies, and site and floor areas. Dimensions, measurements and areas included in the Valuation Certificate attached are based on information contained in the documents provided to us and are therefore only approximations. We have no reason to doubt the truth or accuracy of the information provided to us by the Company and we have also been advised by the Company that no material facts have been omitted from the information provided.

We have caused searches to be made at the Land Registry. However, we have not scrutinized the original documents of title to verify ownership or amendments thereto.

PROPERTY INSPECTION

We inspected the exterior of the Property on 22nd April, 2015. However, no structural survey has been made but, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and services for future development.

VALUATION CERTIFICATE

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Professional Property Services Limited

Charles Nicholas Brooke
FRICS FHKIS RPS(GP)
Chairman

Note: Mr. C. N. Brooke is a Fellow member of Hong Kong Institute of Surveyors, a Fellow member of Royal Institution of Chartered Surveyors, and a Registered Professional Surveyor (General Practice). Mr. Brooke has over 30 years' post qualification experience in the valuation of properties in Hong Kong. His office address is registered as 1402 Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

Mr. Brooke inspected the Property on 22nd April, 2015 and undertook the valuation.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 th April, 2015
No. 391 Chai Wan Road, Chai Wan, Hong Kong	The Property is situated at Chai Wan Road near Siu Sai Wan Road and has an area of approximately 102,420 sq. ft. It is a former bus depot.	A portion of the G/F of the existing building is subject to a tenancy with The Big Bus Company (Hong Kong) Ltd for a term of three years expiring on 15 th June, 2017 at a monthly rent of HK\$90,000, inclusive of government rent, rates and management fee but exclusive of electricity charges, water charges and all other outgoings.	HK\$850,000,000
Chai Wan Inland Lot No. 88 (the Lot)	The existing building is a 6 storey building (including a mezzanine floor and a main roof floor). The existing building was completed in 1977.	A portion of the G/F of the existing building is subject to a tenancy with Maxful Engineering Ltd for a term of one year expiring on 31 st July, 2015 at a monthly rent of HK\$90,000, inclusive of government rent, rates and management fee but exclusive of electricity charges, water charges and all other outgoings.	100% interest attributable to the Company: HK\$850,000,000
	The Lot is held under a Government Lease deemed to have been granted upon compliance with the conditions precedent under certain Conditions of Exchange dated 24 th October, 1975 and registered in the Land Registry as a Conditions of Exchange No. 10865, for the residue of a term of 75 years from 21 st October, 1968 renewable for one further term of 75 years at a government rent of HK\$1,900 per annum.	A portion of the G/F of the existing building is subject to a tenancy with Yue Kwong Engineering Co. Ltd for a term of two years expiring on 15 th July, 2015 at a monthly rent of HK\$52,000, inclusive of government rent and rates but exclusive of management fee, electricity charges, water charges and all other outgoings.	

Capital value in existing state as at 30th April, 2015

Property	Description and tenure	Particulars of occupancy
No. 391 Chai Wan Road, Chai Wan, Hong Kong	The following encumbrance is registered against the Lot: Order No. D00018/HK/09 by the Building Authority under S.26 of the Buildings Ordinance dated 20 th January, 2009 registered vide Memorial No. 09022300310022 (the said Order has since been discharged or complied with, as evidenced by a Letter of Compliance dated 6 th August, 2009 registered vide Memorial No. 09090800730088).	The first floor of the existing building is subject to a tenancy with Top Express Infrastructure Limited for a term of two years expiring on 9 th September, 2016 at a monthly rent of HK\$180,000 per month, inclusive of government rent, rates and management fee but exclusive of electricity charges, water charges and all other outgoings.
Chai Wan Inland Lot No. 88 (the Lot)	The Property falls within an area which is designated as a "Comprehensive Development Area (1)" and "Open Space" under the Chai Wan Outline Zoning Plan No. S/H20/21. According to the Notes of the Outline Zoning Plan, the area is intended for comprehensive development/redevelopment for residential and/or commercial uses with the provision of supporting facilities, and to ensure that the development will be of compatible scale, a maximum total gross floor area of 86,268 sq. m. is specified.	As at the Valuation Date, there is no intra-group lease granted by a parent company to a subsidiary on property occupied by the group. Other than the existing four tenancies, a portion of the second floor is currently occupied by the Company for storage purposes, a portion of the third floor is currently occupied by the Company for carparking spaces and the top floor is used for the Company's ancillary office. The remaining spaces in the building with a gross floor area of approximately 69,094 s.f. (excluding for this purpose the area of any open area, ramp and staircase) were in the possession of the Company but unused as at the Valuation Date.

Capital value in existing
state as at 30th April, 2015

Property	Description and tenure	Particulars of occupancy
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No. 391 Chai Wan Road, Chai Wan, Hong Kong	Pursuant to section 4A(1) of the Town Planning Ordinance, any development within the CDA Zone would require approval of the Town Planning Board by way of a	
Chai Wan Inland Lot No. 88 (the Lot)	planning application under section 16 of the Ordinance.	

Notes:

- (1) The registered owner of the Property is China Motor Bus Company, Limited.
- (2) The Government Lease currently stipulates that the lot shall not be used for any purpose other than for one or more of the following: (i) industrial purposes, (ii) godown purposes, (iii) a bus depot, (iv) the maintenance, servicing and repairing of buses or other motor vehicles, (v) a building contractor's yard, a timber-yard, a repair yard for motor vehicles, and (vi) open storage. In addition, no part of any structure to be erected on the lot shall exceed a height of 170 feet above Principal Datum of Hong Kong.
- (3) An Order No. D00018/HK/09 by the Building Authority under S.26 of the Buildings Ordinance dated 20th January, 2009 has been registered against the Property as an encumbrance vide Memorial No. 09022300310022. The said Order has since been discharged or complied with, as evidenced by a Letter of Compliance dated 6th August 2009 registered vide Memorial No. 09090800730088.
- (4) Planning permission has been given by the Town Planning Board for a scheme for the redevelopment of the Property, together with certain adjoining land, into three residential towers, with shops, a covered public transport terminus and a public open space with a total residential gross floor area of approximately 64,314 square meters and a retail gross floor area of approximately 186 square meters and such planning permission will be valid until 23rd August, 2017. The permission is given subject to the planning conditions as set out in the Town Planning Board's letter dated 13th September, 2013, which include:
 - (a) the submission and implementation of a revised Master Layout Plan (MLP) to incorporate, where appropriate, the approval conditions as stated in paragraphs (b) to (i) below to the satisfaction of the Director of Planning or of the Town Planning Board;

- (b) the design and provision of a public open space (POS) and the subsequent maintenance for 2 years, at no cost to the Government as proposed by the applicant, to the satisfaction of the Director of Leisure and Cultural Services or of the Town Planning Board;
- (c) the design and provision of a public transport terminus (PTT) within the “Comprehensive Development Area (1)” (“CDA(1)”) site including the temporary relocation arrangement to the satisfaction of the Commissioner for Transport or of the Town Planning Board;
- (d) the design and provision of car parking spaces and loading/unloading facilities to the satisfaction of the Commissioner for Transport or of the Town Planning Board;
- (e) the setting back by 3 metres along Chai Wan Road for pedestrian footpath widening and landscaping to the satisfaction of the Commissioner for Transport or of the Town Planning Board;
- (f) the design and implementation of the facade treatment for the entire development to the satisfaction of the Director of Planning or of the Town Planning Board;
- (g) the design and implementation of the footbridge over Sheung On Street to the satisfaction of the Director of Highways or of the Town Planning Board;
- (h) the designation of drainage and/or water main reserve within the “CDA(1)” site to the satisfaction of the Director of Drainage Services and/or Director of Water Supplies or of the Town Planning Board;
- (i) the submission and implementation of a revised Landscape Master Plan including revised tree preservation proposal, and the submission of quarterly tree monitoring reports to the satisfaction of the Director of Planning or of the Town Planning Board;
- (j) the submission of a revised Traffic Impact Assessment and implementation of the mitigation measures identified therein to the satisfaction of the Commissioner for Transport or of the Town Planning Board;
- (k) the implementation of the mitigation measures identified in the Environmental Assessment to the satisfaction of the Director of Environmental Protection or of the Town Planning Board;

- (l) the implementation of mitigation measures identified in the revised Sewerage Impact Assessment to the satisfaction of the Director of Drainage Services or of the Town Planning Board;
 - (m) the submission of a land contamination assessment and remedial plan and implementation of the agreed remedial actions prior to commencement of construction for the proposed development to the satisfaction of the Director of Environmental Protection or of the Town Planning Board;
 - (n) the submission of a comprehensive quantitative risk assessment and implementation of mitigation measures identified therein to the satisfaction of the Director of Electrical and Mechanical Services or of the Town Planning Board; and
 - (o) the provision of water supplies for fire fighting and fire service installations to the satisfaction of the Director of Fire Services or of the Town Planning Board.
- (5) To enable the Company to carry out the redevelopment scheme as approved by the Town Planning Board, an application for a land exchange will have to be made to the Government to change the permitted use and also to relax the current height restriction imposed on the Property, for which a land premium will be payable to the Government.
- (6) It has been assumed that all relevant approvals and agreements relating to the fulfillment of the conditions imposed by the Town Planning Board as part of the current planning approval, as well as the land exchange as mentioned above could be secured from relevant Government Departments within a reasonable timeframe and upon reasonable terms.
- (7) As at the Valuation Date, there is no approved architectural plan for the future development.
- (8) The Property is currently held for investment purpose but, we are told by the Company, will, following completion of the Disposal, be held by Joyful Sincere Limited for future redevelopment.
- (9) As at the Valuation Date, there is no agreement or proposal as to any proposed transaction regarding the Property between the issuer and any other member of the Company and its subsidiaries.
- (10) As at the Valuation Date, there is no option or right of pre-emption concerning or affecting the Property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

Long position in the shares of the Company

Name of Directors	Number of ordinary shares in the Company				Total ordinary shares held	Approximate Percentage of the issued share capital of the Company
	Personal interests	Family interests	Other interests			
NGAN Kit-ling	4,848,345	—	33,468 (Note)		4,881,813	10.78%
Dr. NGAN Kit-keung	6,941,013	1,250	33,468 (Note)		6,975,731	15.40%
Dr. Henry NGAN	7,173,125	250	33,468 (Note)		7,206,843	15.91%
Dr. LIU Lit-mo	62,250	—	—		62,250	0.14%
Fritz HELMREICH	50,000	—	—		50,000	0.11%
Anthony Grahame STOTT	20,600	—	—		20,600	0.05%
Stephen TAN	600	—	—		600	—

Note: The 33,468 shares in the Company are included in the estate of the late Madam WONG Yick-mui.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7

and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO.

At the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

At the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 30 June 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group, save that Dr Henry Ngan, as the person nominated by Affluent Dragon to the respective boards of Windcharm and Joyful Sincere, was on 29 May 2015 appointed as a director of both Windcharm and Joyful Sincere.

At the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares 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.

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

At the Latest Practicable Date, the Group was not engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

5. COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

6. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion and advice, which is contained in this circular:

Name	Qualification
Professional Property Services Limited	Property valuer

The expert named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and reference to its name in the form and context in which they appear.

7. EXPERT'S INTEREST IN ASSETS

Professional Property Services Limited has confirmed that as at the Latest Practicable Date:

- (a) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) did not have any direct or indirect interest in any assets which had since 30 June 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been 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.

8. MATERIAL CONTRACTS

Set out below are the material contracts (not being entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into by member of the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) an agreement dated 24 April 2014 entered into between Heartwell Limited, a direct wholly owned subsidiary of the Company, Swire Properties and Hareton Limited, a joint venture company owned as to 50% by each of Heartwell Limited and Swire Properties, to provide financial assistance in the form of loans to Hareton Limited at its request for a total amount of not exceeding HK\$1,800 million to fund the payment of 50% of the re-assessed lease modification premium and other development cost of the land situated at Wong Chuk Hang, Aberdeen and registered in the Land Registry as Aberdeen Inland Lot No. 461 (formerly Aberdeen Inland Lot No. 338 and Aberdeen Inland Lot No. 339);
- (b) the Sale and Purchase Agreement; and
- (c) the Funding Agreement.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, none of the Directors were aware of any material adverse change in the financial or trading position of the Group since 30 June 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

10. GENERAL

- (a) The company secretary of the Company is Mr. KWOK Pun Tak, a Fellow of the Institute of Chartered Secretaries and Administrators and a Fellow of the Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is at 391 Chai Wan Road, Chai Wan, Hong Kong.
- (c) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the registered office of the Company at 391 Chai Wan Road, Chai Wan, Hong Kong from the date of this circular up to and including 2:30 p.m., 16 July 2015:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two financial years ended 30 June 2014;
- (c) the written consent referred to in the paragraph headed "Expert and Consent" in this Appendix III;
- (d) the property valuation report in relation to the Property prepared by Professional Property Services Limited, the text of which is set out in Appendix II to this circular; and
- (e) the material contracts stated in the section headed "Material Contracts" in this Appendix III.

NOTICE OF THE EXTRAORDINARY MEETING



CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 026)

Notice of the Extraordinary Meeting

NOTICE IS HEREBY GIVEN that an extraordinary meeting of China Motor Bus Company, Limited (the “**Company**”) will be held at the registered office of the Company at 391 Chai Wan Road, Chai Wan, Hong Kong on Thursday, 16 July 2015 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 of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (1) approval be hereby given to the disposal by the Company of the Property known as Chai Wan Inland Lot No. 88 (No. 391 Chai Wan Road, Chai Wan, Hong Kong) to Joyful Sincere Limited, being a company wholly owned by Windcharm Investments Limited, in which the Company (through its wholly owned subsidiary, Affluent Dragon Island Limited) has a 20% shareholding interest and Swire Properties Limited (through its wholly owned subsidiary, Bright Faith Limited, has an 80% shareholding interest) for a cash consideration of HK\$850 million and on the terms and conditions of a Sale and Purchase Agreement dated 29 May 2015 made between (a) the Company as vendor and (b) Joyful Sincere Limited as purchaser (a summary of which appears in the Circular to the Shareholders of the Company dated 23 June 2015).
- (2) approval be hereby given to the provision of financial assistance by way of loans by Affluent Dragon Island Limited, the Company, or other subsidiaries of the Company to Joyful Sincere Limited on the terms and conditions of a Funding Agreement dated 29 May 2015 entered into between (a) Swire Properties Limited, (b) Bright Faith Limited, (c) the Company, (d) Affluent Dragon Island Limited and (e) Windcharm Investments Limited in relation to the respective obligations of the shareholders of Windcharm Investments Limited to provide funding to Joyful Sincere Limited (a summary of which appears in the Circular to the Shareholders of the Company dated 23 June 2015).

NOTICE OF THE EXTRAORDINARY MEETING

- (3) the Directors of the Company be hereby authorised to execute all such documents, instruments and agreements and to do any such acts and things as they may in their absolute discretion consider expedient, necessary or desirable in order to give effect to (a) the disposal of the property known as Chai Wan Inland Lot No. 88 (No. 391 Chai Wan Road, Chai Wan, Hong Kong) under the Sale and Purchase Agreement as referred to in paragraph (1) of this Resolution; (b) the provision of financial assistance by way of loans to Joyful Sincere Limited under the Funding Agreement as referred to in paragraph (2) of this Resolution; and (c) the transactions contemplated under such Sale and Purchase Agreement or such Funding Agreement.”

By Order of the Board
Kwok Pun Tak
Company Secretary

Hong Kong, 23 June 2015

Notes:

- (1) A shareholder entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote in his place and such proxy need not be a shareholder of the Company.
- (2) To be valid, forms of proxy must be deposited at the registered office of the Company at 391 Chai Wan Road, Chai Wan, Hong Kong not less than 48 hours before the time fixed for holding the above meeting or adjourned meeting.
- (3) To qualify for voting in the above meeting, all unregistered transfers should be lodged at the Company's Registrar (Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong) no later than 4:30 p.m. on Monday, 13 July 2015.
- (4) The Register of Members of the Company will be closed from Tuesday, 14 July 2015 to Wednesday, 15 July 2015, both days inclusive.
- (5) As at the date of this notice, the board of directors of the Company comprises NGAN Kit-ling, Dr. NGAN Kit-keung, Dr. Henry NGAN, Fritz HELMREICH, Dr. LIU Lit-mo*, Anthony Grahame STOTT* and Stephen TAN*.
- (6) In the case of any conflict between the Chinese translation and the English text hereof, the English text will prevail.

** Independent non-executive directors of the Company*