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

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

**If you have sold or transferred** all your shares in China Motor Bus Company, Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CHINA MOTOR BUS COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 026)**

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF INTEREST  
IN A JOINT VENTURE COMPANY**

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A letter from the Board is set out on pages 4 to 10 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 Wednesday, 3 July 2019 at 12:00 noon is set out on pages EGM-1 to EGM-2 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.

10 June 2019

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## DEFINITIONS

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*In this circular and the appendices to it, unless the context otherwise requires, the following terms and expressions have the following meanings:*

<b>“Announcement”</b>	the announcement of the Company dated 21 May 2019 in respect of, among other things, the entering into of the Sale and Purchase Agreement on 21 May 2019 by the Vendor, the Purchaser and the Company
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	means a day other than a day on which typhoon signal no.8 or above or black rainstorm signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.; or a Saturday, Sunday or public holiday in Hong Kong, on which banks are open in Hong Kong to the general public for business
<b>“Company”</b>	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)
<b>“Completion”</b>	the completion of the Disposal
<b>“Completion Date”</b>	the date on which Completion takes place in accordance with the terms of the Sale and Purchase Agreement
<b>“Completion NAV”</b>	the net asset value of the Target Company, adjusted by excluding (among other things) the value of the Property, deferred tax liabilities and all amounts owing by the Target Company to the Vendor or to Swire Properties, as at the close of business on the Completion Date
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Consideration”</b>	the consideration of HK\$2,375 million subject to adjustment payable by the Purchaser in respect of the Disposal
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Disposal”</b>	the sale of the Sale Shares and the assignment of the Sale Loan by the Vendor pursuant to the Sale and Purchase Agreement
<b>“EGM”</b>	the extraordinary meeting of the Company to be held to consider and approve the Disposal
<b>“Group”</b>	the Company and its subsidiaries from time to time

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## DEFINITIONS

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<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Latest Practicable Date”</b>	4 June 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Property”</b>	Inland Lot No. 7550 together with the messuages, erections and buildings thereon known as No. 625 King’s Road, Hong Kong
<b>“Purchaser”</b>	Jacko Rise Pte. Ltd., a company incorporated in Singapore with limited liability
<b>“Resolution”</b>	the ordinary resolution to be proposed at the EGM to approve the Disposal as set out in the notice of the EGM, which is set out on pages EGM-1 and EGM-2 of this circular
<b>“Sale and Purchase Agreement”</b>	the sale and purchase agreement dated 21 May 2019 entered into between the Vendor (as seller), the Purchaser (as purchaser) and the Company (as seller’s guarantor) in relation to the Disposal
<b>“Sale Loan”</b>	all amounts owing by the Target Company to the Vendor as at the Completion Date, being the unsecured interest-free shareholder’s loan for an amount of HK\$140,849,842.37 as at the Latest Practicable Date
<b>“Sale Shares”</b>	50 ordinary shares in the Target Company representing 50% of the entire issued share capital of the Target Company
<b>“SFO”</b>	Securities and Futures Ordinance
<b>“Share(s)”</b>	the ordinary share(s) in the share capital of the Company
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company from time to time
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Swire Properties”</b>	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)

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## DEFINITIONS

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<b>“Swire SPA”</b>	the sale and purchase agreement entered into between Swire Properties and the Purchaser on 21 May 2019 in relation to (i) the sale of 50 ordinary shares in the Target Company representing 50% of the entire issued share capital of the Target Company held by Swire Properties, and (ii) the assignment of the shareholder’s loan owing by the Target Company to Swire Properties
<b>“Target Company”</b>	Island Land Development Limited, a company incorporated in British Virgin Islands with limited liability, which is the legal and beneficial owner of the Property
<b>“Vendor”</b>	Communication Holdings Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
<b>“%”</b>	per cent

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## LETTER FROM THE BOARD

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## 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.M.I., F.C.I.D., F.C.I.T.L., F.A.A.S.

(*Assistant Managing Director*)

Dr. Henry NGAN

*Registered Office:*

391 Chai Wan Road

Chai Wan

Hong Kong

*Non-executive Director:*

Fritz HELMREICH, M.Sc.

*Independent Non-executive Directors:*

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

Stephen TAN, M.B.A., B.A.

Dr. CHAU Ming-tak

10 June 2019

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF INTEREST IN A JOINT VENTURE COMPANY**

#### **INTRODUCTION**

Reference is made to the Announcement in respect of, among other things, the entering into of the Sale and Purchase Agreement on 21 May 2019 by the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and the Company (as guarantor for the Vendor), pursuant to which, among other things, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to (i) sell 50 ordinary shares in the Target Company, representing 50% of the entire issued share capital of the Target Company (i.e. the Sale Shares), and (ii) assign all amounts owing by the Target Company to the Vendor as at the Completion Date (i.e. the Sale Loan), for a total consideration of HK\$2,375 million (subject to adjustment).

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## LETTER FROM THE BOARD

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The Target Company is a company held as to 50% by the Vendor and 50% by Swire Properties and is the legal and beneficial owner of the Property. The Directors have been informed that on 21 May 2019, Swire Properties and the Purchaser have separately entered into the Swire SPA, pursuant to which Swire Properties has agreed to sell its 50 ordinary shares in the Target Company to the Purchaser and to assign to the Purchaser all shareholder's loans owing by the Target Company to Swire Properties for a consideration of HK\$2,375 million (subject to adjustment), to be completed simultaneously with the completion of the Disposal.

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

### THE SALE AND PURCHASE AGREEMENT

#### Date

21 May 2019

#### Parties

- (i) the Vendor, a wholly-owned subsidiary of the Company, as the vendor
- (ii) the Purchaser, as the purchaser
- (iii) the Company, as the Vendor's guarantor

According to the information provided to the Company and to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

#### Subject matter

- (i) 50 ordinary shares in the Target Company, representing 50% of the entire issued share capital of the Target Company and being the entire equity interest held by the Vendor in the Target Company (i.e. the Sale Shares)
- (ii) all the amounts owing by the Target Company to the Vendor as at the Completion Date (i.e. the Sale Loan)

#### Consideration and payment terms

The Consideration payable by the Purchaser pursuant to the Sale and Purchase Agreement is HK\$2,375 million (to be adjusted as described below) and shall be apportioned as follows:-

- (i) the consideration for the assignment of the Sale Loan shall be the face value of the entire sum of the Sale Loan as at the Completion Date; and

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## LETTER FROM THE BOARD

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- (ii) the consideration for the transfer of the Sale Shares shall be the amount of the Consideration less the consideration for the assignment of the Sale Loan set out in sub-paragraph (i) above.

The Consideration has been paid and shall be payable in the following manner:

- (i) a sum of HK\$237.5 million has been paid on the signing of the Sale and Purchase Agreement; and
- (ii) the balance in the amount of HK\$2,137.5 million shall be paid on Completion.

Following Completion, the Consideration will be adjusted based on the Completion NAV as shown on the completion accounts. If the Completion NAV shall be a positive figure, then there shall be added to the Consideration an amount equal to 50% of such Completion NAV, but if the Completion NAV shall be a negative figure, then there shall be deducted from the Consideration an amount equal to 50% of such negative Completion NAV. To the best of the knowledge and belief of the Directors, the final adjustment to be made would not exceed 1% of the stated consideration of HK\$2,375 million.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the current and projected income, namely, rent and licence fee, of the Property, the price of comparable properties in nearby locations, the prevailing market conditions including unsolicited indicative offers from other unrelated third parties, and the face value of the shareholders' loans (being approximately HK\$140.85 million as at the date of this circular) owing by the Target Company to the Vendor.

### **Condition precedent**

Completion is conditional upon the Company having obtained the approval for the Disposal from its Shareholders at a general meeting to be convened.

As stated in the Announcement, the Company has received undertakings from two Shareholders, namely Dr. Henry Ngan and Dr. Ngan Kit-keung, who collectively own an aggregate of 14,114,138 Shares (representing approximately 31.15% of the voting rights of the Company), (i) to vote in favour of any resolution that may be put forward to the Shareholders to approve the Sale and Purchase Agreement and the Disposal contemplated thereunder at the general meeting to be convened to consider the same; and (ii) not to dispose of any of their shareholding in the Company prior to (i) Completion or (ii) termination of the Sale and Purchase Agreement, whichever is the earlier.

### **Completion**

Completion shall take place on the later of:

- (i) 19 July 2019;
- (ii) 10 Business Days after the date of the Vendor's notification to the Purchaser of the satisfaction of the condition set out above; or

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## LETTER FROM THE BOARD

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(iii) such other date as the Vendor and the Purchaser may agree in writing,

provided that the Disposal and the Swire SPA shall complete simultaneously on the Completion Date.

If the condition set out above has not been satisfied on or before 16 September 2019, or if the Swire SPA shall not be completed simultaneously on the Completion Date, then the Sale and Purchase Agreement shall terminate automatically.

The Vendor and Swire Properties have separately undertaken to each other that upon completion of the Disposal and the Swire SPA, each of them shall execute such documents and perform such obligations as are required under their respective set of transaction documents for the purpose of transferring to the Purchaser their respective interests in (i) the issued share capital of the Target Company and (ii) the shareholder's loans owing by the Target Company, to the intent that the entire issued share capital of and all the shareholders' loans owing by the Target Company shall be transferred simultaneously to the Purchaser.

### INFORMATION ON THE PURCHASER

The Purchaser is understood to be a special purpose vehicle of Gateway Real Estate Fund VI, L.P., a limited partnership registered in the Cayman Islands whose principal activities are investing in long-term real estate properties in Asia-Pacific.

According to information provided to the Company, the ultimate beneficial owners of the Purchaser are a consortium of institutional investors led by Gateway VI GP Limited, the general partner of Gateway Real Estate Fund VI, L.P.

### INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

As stated above, the Target Company is a company held as to 50% by the Vendor and 50% by Swire Properties, as an investment holding company whose sole business is the developing and holding of the Property. The Directors have been informed that on 21 May 2019, Swire Properties has also entered into an agreement (i.e. the Swire SPA) with the Purchaser to sell its 50% shareholding interest in and to assign all its shareholder's loan to the Target Company to the Purchaser. It is a condition in the Swire SPA that completion of the Swire SPA must take place simultaneously with the completion of the Disposal.

The Property, a 26-storey commercial building plus a 2-level basement carpark erected on a piece of land registered in the Land Registry as Inland Lot No. 7550, is located at No. 625 King's Road, North Point, Hong Kong and has a total gross floor area of approximately 301,065 square feet excluding the area of the car parking spaces, with a book carrying value and fair value of approximately HK\$2,819 million as at 31 December 2018, representing the then appraised value of the Property by an independent property valuer. The Property is legally and beneficially owned by the Target Company and is currently leased out for rental income.

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## LETTER FROM THE BOARD

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Set out below is the financial information of the Target Company for the two financial years immediately preceding the Disposal:

	<b>For the year ended 31 December 2017 HK\$ (Audited)</b>	<b>For the year ended 31 December 2018 HK\$ (Audited)</b>
Net profit before taxation	329,241,374	375,507,384
Net profit after taxation	312,669,939	358,206,770

The audited net asset value of the Target Company as at 31 December 2018 is approximately HK\$2,474.67 million.

The Target Company is currently recorded and accounted for as a joint venture in the Company's consolidated financial statements. Upon Completion, the Company will cease to hold any interest in the Target Company or the Property.

### **FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP AND USE OF PROCEEDS**

The Company expects to recognise a gain from the Disposal and a consequential increase in the net assets of the Group of approximately HK\$966 million in its consolidated financial statements, after netting off relevant fees and expenses, relative to the carrying value of the Company's interest in the Target Company as at 31 December 2018, being (i) 50% of the net asset value of the Target Company as at that date and (ii) the amount of shareholder's loan owing by the Target Company to the Vendor as at that date. The actual gain on the Disposal to be recorded by the Company is subject to post Completion audit and depends on the final carrying value of the Target Company as at Completion and may be different from the foregoing estimated amount of HK\$966 million. Upon Completion, the Group will no longer share the profit of the Target Company. However, the Group may generate finance income from the proceeds of the Disposal.

The Board intends to apply some of the proceeds from the Disposal for payment of a special dividend to shareholders and is also actively considering how best to use the remaining proceeds to enhance Shareholders' return, including such possible use as building a reserve to fund future new property acquisitions and share re-purchase. As at the date of this circular, no definitive decision has yet been made on the amount of special dividend to be paid, or on the best use of the remaining proceeds to enhance Shareholders' return, or the optimum amount to be deployed for achieving the best result.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal presents an opportunity for the Company, following receipt of an unsolicited offer, to sell at a high premium its interest in the Target Company, which has been held by the Company as a long term investment. It would unlock the value of the Property and would enable the Company both to enhance Shareholder value by returning cash to Shareholders, and to explore other value-creating investment opportunities.

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## LETTER FROM THE BOARD

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

### INFORMATION ON THE COMPANY AND THE VENDOR

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

### LISTING RULES IMPLICATIONS

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 constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Disposal is subject to reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

As mentioned above, the Company has received undertakings from two Shareholders, namely Dr. Henry Ngan and Dr. Ngan Kit-keung, to vote in favour of any resolution that may be put forward to the Shareholders to approve the Disposal at the EGM.

None of the Directors has a material interest in the Sale and Purchase Agreement or the Disposal which requires any of them to abstain from voting on the relevant resolutions of the Board.

### 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 Wednesday, 3 July 2019 at 12:00 noon is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, the Resolution will be proposed to approve the Disposal.

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. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting at the EGM in respect of the Resolution.

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## LETTER FROM THE BOARD

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### 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 Friday, 28 June 2019 to Wednesday, 3 July 2019, 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 Thursday, 27 June 2019.

### RECOMMENDATION

The Board, including the independent non-executive Directors, consider that the Disposal and the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all the Shareholders to vote in favour of the Resolution.

### ADDITIONAL INFORMATION

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

**The Disposal is subject to the approval by the Shareholders and the simultaneous completion of the Swire SPA, over which the Company has no control. Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.**

Yours faithfully,  
By order of the Board  
**China Motor Bus Company, Limited**  
**Ngan Kit-ling**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group (i) for the year ended 30 June 2016 is disclosed on pages 19 to 64 of the annual report 2016 of the Company; (ii) for the year ended 30 June 2017 is disclosed on pages 21 to 68 of the annual report 2017 of the Company; (iii) for the year ended 30 June 2018 is disclosed on pages 21 to 68 of the annual report 2018 of the Company and (iv) for the six months ended 31 December 2018 is disclosed on pages 1 to 15 and 24 of the interim report 2019 of the Company, all of which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.irasia.com/listco/hk/cmb/index.htm](http://www.irasia.com/listco/hk/cmb/index.htm)).

**2. WORKING CAPITAL**

Taking into account the internal and other financial resources available to the Group and further taking into account the effects of the Disposal, 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.

**3. INDEBTEDNESS**

As at the close of business on 30 April 2019, 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.

**4. FINANCIAL AND TRADING PROSPECTS**

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.

The outlook of the Group's UK investment will, in the near term, depend on the future relationship between the United Kingdom and EU post Brexit. The Group presently has a property portfolio in the United Kingdom which accounts for approximately 7.2% of the total net asset value of the Group and pound sterling deposits which account for approximately another 7.6% of the total net asset value of the Group.

For the Group's properties held for investment, the redevelopment of 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 (through Amber Sky Ventures Limited, its wholly owned subsidiary) has been completed. The letting of the completed office building, South Island Place, has proceeded as planned with rents above initial expectations and over 70% of the office space has now been let.

For Chai Wan Inland Lot No. 88, which is agreed to be purchased by Joyful Sincere Limited, a wholly owned subsidiary of a joint venture company, Windcharm Investments Limited, which is held as to 20% by the Company (through Affluent Dragon Island Limited, its wholly owned subsidiary) and the remaining 80% by Swire Properties Limited (through Bright Faith Limited, its wholly owned subsidiary), preparation work for the redevelopment and a land exchange application to the Government are currently on-going.

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 2019. This, coupled with the current volatility in the currency market, is likely to continue to impact the Group's finance income. Separately, the Disposal will, pending re-investment or other use of the proceeds from the Disposal, lead to an increase in the level of the Group's cash reserve. While there will be a reduction, on completion of the Disposal, in the attributable revenue to the Group from joint ventures, it is expected that the reduction will be offset partly by the new revenue attributable to the Group from the letting of South Island Place, and partly from new finance income generated by the Group's additional cash reserve. 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 text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Professional Property Services Limited, an independent property valuer, in connection with the valuation of the Property as at 1 May 2019:*



*Professional Property Services Limited*

By Hand

10 June 2019

The Board of Directors  
**China Motor Bus Company, Limited (“CMB”)**  
391 Chai Wan Road  
Chai Wan  
Hong Kong

Dear Sirs,

**Re: 625 King’s Road, North Point, Hong Kong erected on Inland Lot No. 7550 (the “Property”)**

In accordance with your instructions for us to carry out a valuation of the Market Value of the above Property owned by Island Land Development Limited (the “Company”) in connection with the disposal by Communication Holdings Limited, your wholly-owned subsidiary, regarding its 50% interest in the Company to Jacko Rise Pte. Ltd. (the “Disposal”) as set out in CMB’s announcement dated 21 May 2019, 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 1 May 2019 (the “Valuation Date”).

#### **VALUATION BASIS AND ASSUMPTIONS**

Our valuation is prepared in accordance with “The HKIS Valuation Standards (2017 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 Property is disposed of 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**

The Property is currently held by the Company for investment purpose and we have assumed that, following completion of the Disposal, the Property will continue to be so held. In valuing the Property, we have adopted the income approach, which provides an indication of value by capitalisation or conversion of present and predicted income to produce a single current capital value. The said approach is usually applied to income-producing assets and for which reasonable projections of the amount and timing of future income are available.

### **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, the majority of which has been provided by you or the Company. Dimensions, measurements and areas included in the Valuation Certificate attached are based on information contained in the documents provided to us by you or the Company and are therefore only approximations. We have no reason to doubt the truth or accuracy of the information provided to us by you or the Company and we have also been advised by you 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 and the internal spaces of the Property on 23 April 2019. However, no structural survey has been made but, in the course of our inspection, we did not note any serious building defects. It is also observed that the Property is currently undergoing refurbishment works to the toilet areas of some of the floors and reinstatement works to the building façade following damage during Typhoon Mangkhut. 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 of Hong Kong Institute of Surveyors, a Fellow 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 at 16/F Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

Mr. Brooke inspected the Property on 23 April 2019 and undertook the valuation.

## VALUATION CERTIFICATE

## 625 King's Road, North Point, Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 1 May 2019
625 King's Road, North Point, Hong Kong	The Property is situated between King's Road and Java Road in North Point, which is a decentralized business district in Hong Kong Island East.	The Property is subject to various existing tenancies with the latest tenancy due to expire on 30 June 2023 and a number of which are subject to rent review. The rents are exclusive of management fees and air-conditioning charges.	HK\$4,350,000,000
Inland Lot No. 7550 (the "Lot")	According to the relevant approved General Building Plans, the site of the Property is roughly rectangular in shape with a site area of approximately 20,000.05 sq.ft. and has a gross floor area of approximately 301,064.8 sq.ft.	As at the Valuation Date, the ground floor retail unit is subject to a tenancy granted to Swire Properties Hotel Management Limited trading as "Public" for term of 5 years expiring on 30 April 2020 at a stepped base rent of HK\$39,610 per month or 12.5% of the gross takings, whichever is the higher. The rents are exclusive of management fees and air-conditioning charges.	
	The existing 26-storey commercial building consists of lobby and a retail unit on the ground floor, 25 office floors above the ground floor and two basement levels for car parking use.	A portion of the ground floor of the Property outside the above-mentioned retail unit is subject to a License Agreement with Swire Properties Hotel Management Limited for the use of placement of tables and chairs only for a term of five years expiring on 30 April 2020. No license fee is payable but the tenant is liable for all outgoings.	
	The Property was completed in 1998 with an Occupation Permit No. H22/98 dated 2 April 1998 registered vide Memorial No. UB7454683 and the Certificate of Compliance dated 10 August 1998 registered vide Memorial No. UB7559732.	Car parking spaces are licensed on a monthly basis, except for 4 car parking spaces which have been reserved for use by CMB and its subsidiaries at no fee under a licence at will terminable at any time by either CMB or the Company.	

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 1 May 2019
	<p>The following key encumbrances are registered against the Lot: a Modification Letter with plan dated 13 March 1997 registered vide Memorial No. UB 6983756; a Deed of Dedication with Plan dated 26 March 1998 registered vide Memorial No. UB 7453139; a Modification Letter dated 26 March 1998 registered vide Memorial No. UB 7453140; and a No-Objection Letter dated 29 October 2001 registered vide Memorial No. UB 8534900.</p>	<p>The total monthly rental income and licenses fee derived from the Property amount to HK\$8,737,095, exclusive of management fees and air-conditioning charges, as at the Valuation Date.</p>	
	<p>The Property falls within an area which is designated as “Commercial” under the Approved North Point Outline Zoning Plan No. S/H8/26. According to the Notes of the relevant Outline Zoning Plan, the area is primarily for commercial developments, which may include uses such as office, shops, services, place of entertainment, eating place and hotel, functioning as a regional or district commercial/shopping centre(s).</p>	<p>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.</p> <p>Other than the existing 40 tenancies, 40 car parking licences, the 4 car parking spaces reserved for use by CMB and its subsidiaries and one license granted to the retail unit on the ground floor, all remaining portions of the Property are in the possession of the Company as at the Valuation Date.</p>	

*Notes:*

- (1) The registered owner of the Property is the Company, i.e. Island Land Development Limited.
- (2) The Government Lease has been varied or modified by subsequent (i) lease modification/modification letter, (ii) deed of dedication and (iii) no-objection letter. Some of the salient conditions are stipulated below:

Modification Letter with Plan dated 13 March 1997 registered vide Memorial No. UB6983756

- The Lot shall not be used for any purpose other than for non-industrial (excluding residential, hotel, service apartment, petrol filling station and godown) purposes.
- The total gross floor area of any building or buildings erected or to be erected on the Lot will not be less than 16,700 square metres.
- No part of any building or other structure erected or to be erected on the Lot will exceed the height specified in the plan no. COO/75L referred to in the Hong Kong Airport (Control of Obstruction) (Consolidation) Order.
- The design and disposition of any building or buildings erected or to be erected on the Lot will be subject to the approval in writing of the Director of Lands and no building works (other than site formation works) will be commenced on the Lot until such approval has been obtained.

Deed of Dedication with Plan dated 26 March 1998 registered vide Memorial No. UB7453139 & Modification Letter dated 26 March 1998 registered vide Memorial No. UB7453140

- The dedication of areas totalling 22.05 square meters (including triangular areas of 15.75 square meters at the north-western corner and of 6.3 square meters at the south-western corner of the Lot) extending to a clear height of not less than 5.1 metres above ground level for the public's right of pedestrian passage.

No-Objection Letter dated 29 October 2001 registered vide Memorial No. UB8534900

- Notwithstanding the covenant prohibiting the use or exercise on the Lot of trades and businesses such as Sugar-baker, Oilman, Butcher, Victualler or Tavern-keeper contained in the Government Lease, such trades and businesses are permitted subject to certain conditions.
- (3) The Property is currently held for investment purpose and it is assumed that it will, following completion of the acquisition, continue to be held by the Company for investment purpose.

## 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

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange 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 <sup>(4)</sup>
	Personal interests	Family interests	Other interests			
NGAN Kit-ling	4,848,345	—	382,468 <sup>(1)(3)</sup>		5,230,813 <sup>(2)</sup>	11.54%
Dr. NGAN Kit-keung	6,941,013	1,250	33,468 <sup>(3)</sup>		6,975,731	15.40%
Dr. Henry NGAN	7,173,125	250	33,468 <sup>(3)</sup>		7,206,843	15.91%
Fritz HELMREICH	50,000	—	—		50,000	0.11%
Anthony Grahame STOTT	20,600	—	—		20,600	0.05%
Stephen TAN	600	—	—		600	—
Dr. CHAU Ming-tak	4,137	—	—		4,137	0.01%

*Notes:*

1. Comprising 33,468 shares held by the estate of the late Madam WONG Yick-mui and 349,000 shares held by Kwan Mui Company Limited, which is held as to 31% of its issued shares by Madam Ngan Kit-ling and as to 25% of its issued shares by the estate of the late Ngan Shing Kwan, of which Madam Ngan Kit-ling is one of the two joint executors to whom probate was granted and a beneficiary as to 1/3 of the estate.

2. The total number of shares does not include the interest of Mr. Fritz Helmreich, the spouse of Ms. Ngan Kit-ling.
3. There is a duplication of 33,468 shares which are held by the estate of the late Madam WONG Yick-mui.
4. The percentage shareholding in the Company is calculated on the basis of 45,308,056 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions 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 (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As 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. DIRECTORS' SERVICE CONTRACTS**

As 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. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 30 June 2018 (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.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors and their respective close associate was interested in a businesses, which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

**6. LITIGATION**

As at the Latest Practicable Date, the Group was not engaged in any litigation or claims 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.

**7. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT'S INTERESTS**

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

<b>Name</b>	<b>Qualification</b>
Professional Property Services Limited	Property valuer

Professional Property Services Limited 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.

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

- (a) it 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) it did not have any direct or indirect interest in any assets which had since 30 June 2018 (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.

The letter and report from Professional Property Services Limited is given as of the date of this circular for incorporation therein.

**8. MATERIAL CONTRACTS**

As at the Latest Practicable Date, other than the Sale and Purchase Agreement, no other contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular and are, or may be, material.

**9. 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.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any weekdays (except for Saturday and public holidays) at the office of Mayer Brown, legal adviser of the Company in Hong Kong at 18th Floor, Prince's Building, 10 Chater Road, Hong Kong for a period of 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the property valuation report, the text of which is set out in Appendix II to this circular;
- (c) the written consent referred to in the paragraph headed "Qualification and Consent of Expert and Expert's Interests" in this Appendix;
- (d) the annual reports of the Company for the financial years ended 30 June 2016, 2017 and 2018 and the interim report of the Company for the six months ended 31 December 2018;
- (e) the Sale and Purchase Agreement; and
- (f) this circular.

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## NOTICE OF THE EXTRAORDINARY MEETING

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### 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 Wednesday, 3 July 2019 at 12:00 noon for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company. Capitalised terms defined in the circular dated 10 June 2019 issued by the Company (the “**Circular**”) of which this notice forms part shall have the same meanings when used herein unless otherwise specified:

#### ORDINARY RESOLUTION

“**THAT:**

- (1) approval be hereby given to the disposal of the Group’s entire interest in the share capital of and shareholder’s loan to Island Land Development Limited, owner of the property known as No. 625 King’s Road, Hong Kong, for a cash consideration of HK\$2,375 million (subject to adjustment) (the “**Disposal**”) on the terms and conditions of the sale and purchase agreement dated 21 May 2019 (“**Sale and Purchase Agreement**”) entered into between Communication Holdings Limited (a wholly-owned subsidiary of the Company, as vendor), Jacko Rise Pte. Ltd. (as purchaser) and the Company (as vendor’s guarantor) (a summary of which appears in the circular to the Shareholders of the Company dated 10 June 2019).
- (2) 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) Disposal under the Sale and Purchase Agreement as referred to in paragraph (1) of this resolution; and (b) the transactions contemplated under such Sale and Purchase Agreement.”

By Order of the Board  
**Kwok Pun Tak**  
*Company Secretary*

Hong Kong, 10 June 2019

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## NOTICE OF THE EXTRAORDINARY MEETING

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*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 Thursday, 27 June 2019.
- (4) The Register of Members of the Company will be closed from Friday, 28 June 2019 to Wednesday, 3 July 2019, 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, Anthony Grahame STOTT\*, Stephen TAN\* and Dr. Chau Ming-tak\*.
- (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*