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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 registered 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)**

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
TO FIX AUTHORISED ANNUAL AGGREGATE DIRECTORS' REMUNERATION  
AND  
NOTICE OF THE EXTRAORDINARY MEETING**

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A letter from the Board is set out on pages 2 to 10 of this circular.

A notice convening the Extraordinary Meeting to be held at 5th Floor, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong, on Monday, 2nd March 2020 at 12:00 noon is set out on pages EM-1 to EM-4 of this circular. Whether or not you are able to attend the Extraordinary Meeting in person, you are requested to complete the accompanying form of proxy and return it to the registered office of the Company at 2606-08, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong, in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Extraordinary Meeting or any adjourned meeting 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 Extraordinary Meeting or any adjourned meeting thereof should you so wish.

5 February 2020

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## DEFINITIONS

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

<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company, as amended from time to time
<b>“Board”</b>	the board of Directors
<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>“Director(s)”</b>	the director(s) of the Company
<b>“Extraordinary Meeting”</b>	the extraordinary meeting of the Company to be convened and held to consider, and if thought fit, approve the resolutions proposed in the Notice of the Extraordinary Meeting attached to this circular
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Proposals”</b>	the proposals to amend the Articles of Association, and subject to the approval of such amendments, to fix the authorised annual aggregate Directors’ remuneration
<b>“Share(s)”</b>	the ordinary share(s) in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of Share(s) from time to time
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

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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:*

Dr. Henry NGAN (*Chairman*)

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

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

*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

*Registered Office:*

2606-08, 26th Floor

Island Place Tower

510 King's Road

North Point

Hong Kong

5th February 2020

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND**

**TO FIX AUTHORISED ANNUAL AGGREGATE DIRECTORS' REMUNERATION**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 3rd February 2020 in relation to the Proposals. The purpose of this circular is to provide you with details regarding the Proposals so as to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the Extraordinary Meeting to be held at 5th Floor, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Monday, 2nd March 2020 at 12:00 noon.

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## LETTER FROM THE BOARD

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### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Directors are of the view that certain provisions in the Articles have become antiquated and need to be modernized. For example, Article 155 provides that 5% of the Company's net profits after tax shall be divided amongst the Directors as bonus annually. This provision has not been practiced by the Company since 2004. Article 119 sets the respective caps of HK\$250,000 and HK\$100,000 on the annual remuneration of (i) chairman of the Board and the chairman of the audit committee, and (ii) all other Directors. These capped amounts have not been revised in the past decade and do not represent the current market rates. By virtue of Articles 122 and 123, the Managing Director and Assistant Managing Director are not required to retire from office at each Ordinary Yearly Meeting representing an inconsistency with the market practice of requiring all Directors to be subject to retirement by rotation.

A special resolution will be proposed at the Extraordinary Meeting for your approval to amend the Articles. The proposed major amendments to the Articles are summarised as follows:

- (a) the Managing Director and the Assistant Managing Director will be subject to retirement at least once every three years;
- (b) the caps on the authorised Directors' remuneration at an amount not exceeding HK\$250,000 and HK\$100,000 will be removed;
- (c) the designated percentage of net profits of the Company after tax to be set aside to award the Directors as bonus annually will be removed; and
- (d) the Directors will be entitled to such remuneration as the Board may determine not exceeding such aggregate sum as the Company in general meeting may authorise from time to time.

The proposed amendment to enable the Directors to fix the remuneration in the manner referred to in item (d) above is in line with similar provisions in the articles of association of other esteemed companies engaging in the property development and investment business in Hong Kong.

A table comparing the existing Articles as they presently stand and the replacement Articles following the proposed amendments are set out in the appendix to this circular.

The Directors (including all independent non-executive Directors) believe that the proposed amendments to the Articles are beneficial to the Group's long-term development in enhancing the corporate governance and streamlining the operations of the Company. The proposed amendments would also enable the Company to offer more competitive remuneration package to facilitate effective succession planning for the management of the Group.

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## LETTER FROM THE BOARD

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### **FIXING THE AUTHORISED ANNUAL AGGREGATE DIRECTORS' REMUNERATION**

Subject to the passing of the special resolution to approve the proposed amendments to the Articles as mentioned above, an ordinary resolution will be proposed at the Extraordinary Meeting to fix the authorised annual aggregate Directors' remuneration at HK\$5,000,000.00. The Directors (including all independent non-executive Directors) believe that such amount is fair and reasonable and in line with the market norm for comparable companies.

### **EXTRAORDINARY MEETING**

Set out in pages EM-1 to EM-4 of this circular is a notice convening the Extraordinary Meeting to consider and, if thought fit, approve the Proposals.

The Extraordinary Meeting will be held at 5th Floor, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Monday, 2nd March 2020 at 12:00 noon. A form of proxy for use at the Extraordinary Meeting is enclosed. Whether or not you are able to attend the Extraordinary Meeting in person, you are requested to complete the accompanying form of proxy and return it to the registered office of the Company at 2606-08, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong, in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Extraordinary Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary Meeting or any adjourned meeting thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

The register of members of the Company will be closed from Thursday, 27th February 2020 to Monday, 2nd March 2020 (both days inclusive) for the purpose of determining Shareholders' entitlement to attend and vote at the Extraordinary Meeting, during which period no transfer of Shares will be registered.

In order to qualify for attending and voting at the Extraordinary Meeting, all transfer documents must be lodged at the Company's registrars and transfer office, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Wednesday, 26th February 2020.

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## LETTER FROM THE BOARD

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### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at the general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the Extraordinary Meeting in accordance with Articles 96 and 97 of the Articles. The results of the voting will be announced by the Company after the Extraordinary Meeting.

### RECOMMENDATION

The Directors (including all independent non-executive Directors) consider that the Proposals are in the best interests of the Company and its Shareholders as a whole, and accordingly recommend that you vote in favour of the resolutions to be proposed at the Extraordinary Meeting.

Yours faithfully,  
For and on behalf of the Board  
**China Motor Bus Company, Limited**  
Dr. Henry NGAN  
*Chairman*

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**APPENDIX      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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Details of the Existing Articles and the proposed new Articles are set out as follows:

<b>Existing Article(s)</b>	<b>Proposed amendment/new Article(s)</b>
119. Each of the Directors shall be paid out of the funds of the Company in each year by way of remuneration such sum, not exceeding \$250,000 in the case of Chairman of the Board and the Chairman of the Audit Committee, and not exceeding \$100,000 in the case of all other Directors, as the Company shall, in general meeting, determine.	119.(1) The Directors shall be entitled to receive remuneration by way of fees for their services such sum as the Board shall from time to time determine (not exceeding such aggregate sum as the Company in general meeting shall from time to time authorise) such sum, unless otherwise directed by the resolution by which it is voted, to be divided amongst the Directors in such proportions and in such manner as the Board may agree and, failing agreement, equally except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.  (2) The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Board meetings, committee meetings, general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.



**Existing Article(s)**

**Proposed amendment/new Article(s)**

- (3) If by arrangement with the Board any Director goes or resides outside the jurisdiction in which he normally resides for any purposes of the Company or performs any services which in the opinion of the Board go beyond his ordinary duties as a Director, the Board may pay him special remuneration as the Board may determine in addition to any fees or ordinary remuneration as a Director, and such special remuneration may be made available by lump sum or by way of salary, commission, participation in profits or otherwise as may be arranged.
- (4) Notwithstanding the foregoing paragraphs 119(1), (2) and (3), the remuneration of a Managing Director, Assistant Managing Director or other Executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be made payable by way of salary, commission, participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to his fees or ordinary remuneration as a Director.

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**APPENDIX      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Existing Article(s)</b>	<b>Proposed amendment/new Article(s)</b>
119A. The Board may award special remuneration out of the funds of the Company by way of salary, commission or otherwise as the Board may determine to any Director who performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director.	To be deleted
122. At each Ordinary Yearly Meeting all the Directors other than the Managing Director and Assistant Managing Director shall retire from office. The retiring Directors shall be eligible for re-election.	122.(1) At each Ordinary Yearly Meeting all the Directors other than the Managing Director and the Assistant Managing Director shall retire from office.  (2) The Managing Director and the Assistant Managing Director shall retire from office at the end of the period for which they were appointed and in any event not later than at the third Ordinary Yearly Meeting from the commencement of the term for which they were last appointed.  (3) The retiring Directors shall be eligible for re-election.
123. The Managing Director and Assistant Managing Director so long as they are qualified as such shall be Permanent Directors.	To be deleted

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**APPENDIX      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Existing Article(s)****Proposed amendment/new Article(s)**

144. (18) Subject in all respects to the provisions of articles 155 and 156 to set aside, out of the profits of the Company, such sums as it may think proper as a reserve fund to meet contingencies or for equalizing dividends or special dividends or for repairing, improving or maintaining any of the property of the Company and for such other purposes as it shall, in its absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit and from time to time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and to divide the reserve fund into such special funds as it may think fit with full power to employ the assets constituting the reserve fund in the business of the Company, and that without being bound to keep the same separate from the other assets.

150. The general management of the Company subject to the control of the Board shall be vested in the Managing Director and Assistant Managing Director who shall have all the powers of the Board (other than its power to make calls on shares and to allot and register transfers of shares) as are granted by these articles to the Board.

151. The first Managing Director shall be the said Ngan Shing Kwan and the first Assistant Managing Director the said Wong Yiu Nam and they shall hold office so long as they shall be qualified under Article 118 to be a Director save that sub-clause (f) of Article 120 shall not apply to the Managing Director or Assistant Managing Director.

144. (18) Subject in all respects to the provisions of Article 156 to set aside, out of the profits of the Company, such sums as it may think proper as a reserve fund to meet contingencies or for equalizing dividends or special dividends or for repairing, improving or maintaining any of the property of the Company and for such other purposes as it shall, in its absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit and from time to time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and to divide the reserve fund into such special funds as it may think fit with full power to employ the assets constituting the reserve fund in the business of the Company, and that without being bound to keep the same separate from the other assets.

150. The Board may from time to time entrust to and confer upon the Managing Director or the Assistant Managing Director all or any of the powers of the Board that it may think fit provided that the exercise of such powers shall be subject to such restrictions as the Board may from time to time impose, and the said powers may at any time be withdrawn, varied or revoked, but no person dealing in good faith and without notice of such withdrawal, revocation or variation shall be affected thereby.

151. The first Managing Director shall be the said Ngan Shing Kwan and the first Assistant Managing Director the said Wong Yiu Nam and they shall hold office so long as they shall be qualified under Article 118 to be a Director.

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**APPENDIX      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Existing Article(s)**

**Proposed amendment/new Article(s)**

155. Out of the net profits (after providing for taxation) of the Company in each year five per cent thereof shall be divided amongst the Directors equally as a bonus for their services.	To be deleted
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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 5th Floor, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong, on Monday, 2nd March 2020 at 12:00 noon for the following purpose:–

1. To consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution of the Company:

#### **SPECIAL RESOLUTION**

“**THAT** the Articles of Association of the Company be and are hereby amended as follows:–

- (1) By deleting the existing Article 119 and replacing it with the following new Article 119:–

119. (1) The Directors shall be entitled to receive remuneration by way of fees for their services such sum as the Board shall from time to time determine (not exceeding such aggregate sum as the Company in general meeting shall from time to time authorise) such sum, unless otherwise directed by the resolution by which it is voted, to be divided amongst the Directors in such proportions and in such manner as the Board may agree and, failing agreement, equally except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors’ fees.

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## NOTICE OF THE EXTRAORDINARY MEETING

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- (2) The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Board meetings, committee meetings, general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.
  - (3) If by arrangement with the Board any Director goes or resides outside the jurisdiction in which he normally resides for any purposes of the Company or performs any services which in the opinion of the Board go beyond his ordinary duties as a Director, the Board may pay him special remuneration as the Board may determine in addition to any fees or ordinary remuneration as a Director, and such special remuneration may be made available by lump sum or by way of salary, commission, participation in profits or otherwise as may be arranged.
  - (4) Notwithstanding the foregoing paragraphs 119(1), (2) and (3), the remuneration of a Managing Director, Assistant Managing Director or other Executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be made payable by way of salary, commission, participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to his fees or ordinary remuneration as a Director.
- (2) By deleting the existing Article 119A.
- (3) By deleting the existing Article 122 and replacing it with the following new Article 122:–
122. (1) At each Ordinary Yearly Meeting all the Directors other than the Managing Director and the Assistant Managing Director shall retire from office.
  - (2) The Managing Director and the Assistant Managing Director shall retire from office at the end of the period for which they were appointed and in any event not later than at the third Ordinary Yearly Meeting from the commencement of the term for which they were last appointed.
  - (3) The retiring Directors shall be eligible for re-election.
- (4) By deleting the existing Article 123 in its entirety.
- (5) In Article 144(18), by deleting the words “articles 155 and” and replacing them with the word “Article”.

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## NOTICE OF THE EXTRAORDINARY MEETING

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- (6) By deleting the existing Article 150 and replacing it with the following new Article 150:–
150. The Board may from time to time entrust to and confer upon the Managing Director or the Assistant Managing Director all or any of the powers of the Board that it may think fit provided that the exercise of such powers shall be subject to such restrictions as the Board may from time to time impose, and the said powers may at any time be withdrawn, varied or revoked, but no person dealing in good faith and without notice of such withdrawal, revocation or variation shall be affected thereby.
- (7) In Article 151, by deleting the words “save that sub-clause (f) of Article 120 shall not apply to the Managing Director or Assistant Managing Director”.
- (8) By deleting the existing Article 155 in its entirety.”
2. Subject to the passing of the above Special Resolution, to consider, and if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:–

### ORDINARY RESOLUTION

“**THAT:**–

- (1) unless and until otherwise determined by the Company in general meeting, the authorised amount of the annual aggregate Directors’ fees, which shall be payable pursuant to Article 119(1) of the Company’s Articles of Association, shall be Hong Kong Dollars five million;
- (2) for the period from the 8th day of November 2019 to the 2nd day of March 2020, the Directors shall receive an apportioned part of the annual fees as determined by the Company at its Ordinary Yearly Meeting held on the 8th day of November 2019, and from and after the 2nd day of March 2020 the Directors shall be entitled to receive remuneration in accordance with the provisions of Article 119 of the Company’s Articles of Association, to be pro-rated if necessary for any period of less than one year;
- (3) this resolution shall take effect if the existing Article 119 of the Company’s Articles of Association is amended in the manner set forth in the preceding Special resolution, but not further or otherwise.”

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

Hong Kong, 5 February 2020

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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 2606-08, 26th Floor, Island Place Tower, 510 King's Road, North Point, 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 registrars and transfer office, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Wednesday, 26 February 2020.
- (4) The Register of Members of the Company will be closed from Thursday, 27 February 2020 to Monday, 2nd March 2020, both days inclusive.
- (5) As at the date of this notice, the board of directors of the Company comprises Dr. Henry NGAN, NGAN Kit-ling, Dr. NGAN Kit-keung, 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*