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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)
YUNG Shun Loy Jacky
Michael John MOIR

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

13th October, 2023

To the shareholders

Dear Sir or Madam,

RE-ELECTION OF DIRECTORS AND GENERAL MANDATE FOR REPURCHASE OF OWN SHARES

INTRODUCTION

At the ordinary yearly meeting (the "Ordinary Yearly Meeting") of China Motor Bus Company, Limited (the "Company"), to be held at 5th Floor, Harbour Grand Hong Kong,

23 Oil Street, North Point, Hong Kong on Monday, 4th December, 2023 at 3:00 p.m., the following resolutions will be considered:

- (1) to re-elect directors of the Company (the “Directors”) as set out in Resolution numbered 3 in the Notice of Ordinary Yearly Meeting;
- (2) as a special business to consider and if thought fit, to pass the following resolution as set out in Resolution numbered 5 in the Notice of Ordinary Yearly Meeting as ordinary resolution:

a general mandate be granted to the Directors to exercise the powers of the Company to repurchase ordinary shares of the Company up to a maximum of 2% of the number of shares of the Company in issue (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) after the passing of the relevant resolution) (the “Repurchase Mandate”).

The purpose of this circular is to provide shareholders of the Company with the information necessary to enable them to make an informed decision on whether to vote for or against the above resolutions at the Ordinary Yearly Meeting.

RE-ELECTION OF DIRECTORS

In accordance with Article 122(1) of the Company’s Articles of Association, Dr. Henry NGAN, Mr. Anthony Grahame STOTT, Mr. Stephen TAN, Dr. CHAU Ming Tak, Mr. Michael John MOIR and Mr. YUNG Shun Loy Jacky will retire from the board of directors of the Company (the “Board”) with effect from the close of the forthcoming Ordinary Yearly Meeting and, being eligible, all the aforesaid Directors offer themselves for re-election.

Mr. Anthony Grahame STOTT and Mr. Stephen TAN have served as independent non-executive directors of the Company for more than nine years and have thorough knowledge about the business and operation of the Company. The Nomination Committee and the Board have received from each of Mr. Anthony Grahame STOTT, Mr. Stephen TAN and Dr. CHAU Ming Tak an annual confirmation of their independence and are satisfied that each of them has met the independence criteria under Rule 3.13 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and remains independent. During their tenure as independent non-executive directors of the Company, none of them is involved in the daily management of the Company or in any relationship or circumstances which would materially interfere with their exercise of independent judgement. They have always contributed objectively in advising the Board and the senior management expressing objective views, and giving valuable independent guidance to the Company. Having considered their respective background, skills, knowledge and experience (Appendix 1), the Nomination Committee and the Board are satisfied that each of them has contributed, and will continue to contribute, to the diversity of the Board. The Nomination Committee and the Board believe that they have the character, integrity, independence and expertise

to continue to fulfil their roles as independent non-executive directors effectively and will continue to bring valuable experience, knowledge, professionalism and diversity of perspectives to the Board. Therefore the Board, having considered the recommendation of the Nomination Committee, would recommend them for re-election as independent non-executive directors at the Ordinary Yearly Meeting.

In addition, the Nomination Committee and the Board are satisfied that all the directors for re-election have strong commitment to the Company and positively contribute to the Board. They have a clear diversity of experience, professional skills and knowledge, in Hong Kong as well as other countries, which should provide complementary skills and diverse viewpoints to enhance the Company's governance and strategy. Therefore the Board, having considered the recommendation of the Nomination Committee, would recommend all of them for re-election as directors at the Ordinary Yearly Meeting.

Pursuant to the requirement set out in Rule 13.92 of the Listing Rules, in the coming future before 31 December 2024, the Company will appoint at least one director of female gender possessing the necessary skills, experience and calibre appropriate to the Company's business because the Stock Exchange will not consider diversity to be achieved for a single gender board. The Nomination Committee and the Board will ensure the inclusion of female candidates in developing the pipeline of potential candidates for Board succession and seek assistance from professional search firms if necessary.

The biographical details of all the Directors to be re-elected at the Ordinary Yearly Meeting are provided in Appendix I to this circular. At the Ordinary Yearly Meeting, ordinary resolutions will be proposed to approve their re-election.

GENERAL MANDATE FOR REPURCHASE OF OWN SHARES

This section sets out the Explanatory Statement required to be sent to shareholders of the Company under the Listing Rules in connection with the proposed ordinary resolution numbered 5 set out in the notice dated 13th October, 2023 (the "Notice") convening the forthcoming Ordinary Yearly Meeting. This circular also constitutes the memorandum required under Part 5, Division 4 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). References in this circular to "Shares" means ordinary shares of the Company in issue.

(A) Exercise of the Repurchase Mandate

The Directors believe that the flexibility afforded by the mandate granted to them to repurchase no more than 2% of the Shares in issue as at the date of the Ordinary Yearly Meeting, if the proposed ordinary resolution numbered 5 set out in the Notice is passed, would be beneficial to the Company.

As at 5th October, 2023, being the latest practicable date prior to the printing of this Explanatory Statement (the "Latest Practicable Date"), 45,276,856 Shares are in issue. Assuming that the Company does not make any repurchase or issue of Shares during the period up to the date of the Ordinary Yearly Meeting, the Directors would be authorised to

repurchase up to 905,537 Shares (being 2% of the number of shares of the Company in issue as at the Latest Practicable Date) (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) after the passing of the relevant resolution) during the period up to the conclusion of the next Ordinary Yearly Meeting of the Company or the expiration of the period within which the next Ordinary Yearly Meeting of the Company is required by law to be held or the revocation or variation of the Repurchase Mandate by an ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first. If the Company makes any repurchase or issue of Shares during the period up to the date of the Ordinary Yearly Meeting, the number of Shares which may be repurchased under the Repurchase Mandate will be adjusted accordingly.

(B) Reasons for Repurchases

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share.

(C) Funding of Repurchases

Repurchases pursuant to the Repurchase Mandate will be financed entirely from the Company's available cash flow or working capital facilities. All repurchases will be made out of funds of the Company which are legally permitted to be utilised in this connection in accordance with its memorandum and articles of association and the laws of Hong Kong, including profits otherwise available for distribution.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts as at 30th June, 2023) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent that would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(D) Disclosure of Interests

None of the Directors, and to the best of their knowledge, having made all reasonable enquiries, none of their close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company and no core connected persons have undertaken not to sell any of the Shares held by them to the Company, if the Repurchase Mandate is authorised or approved.

(E) Directors' Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

(F) Share Repurchases made by the Company

The Company has not repurchased any Shares in the previous six months before the Latest Practicable Date on the Stock Exchange or otherwise.

(G) Takeovers Code Consequences

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code. As far as the Directors are aware based on the register of interests in Shares and short positions maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as at the Latest Practicable Date, no shareholder of the Company will become obliged to make a mandatory offer in the event the Repurchase Mandate is exercised in full. The names of the holders of 5% or more interests in the share capital of the Company and their interest in the Shares, together with their percentage interests before and after the exercise of the Repurchase Mandate in full, are as follows:

Shareholder	Number of Shares in the Company	% Before Exercise*	% After Exercise*
(a) Dr. Henry Ngan	7,206,843 <i>(Note 1)</i>	15.92	16.24
(b) Ngan Kit-ling	5,280,813 <i>(Notes 1, 2 & 3)</i>	11.66	11.90
(c) Ngan Soo Shieh Ven Maria	6,975,731 <i>(Notes 1 & 4)</i>	15.41	15.72
(d) Chan Kwan Shat	5,553,200	12.26	12.52
(e) Chee Sing Wan Sylvana	3,766,200 <i>(Note 5)</i>	8.32	8.49

Notes:

- 1. There is a duplication of 33,468 Shares which are included in the estate of the late Wong Yick-mui.*
- 2. Including 50,000 Shares held as the sole executrix and sole beneficiary under the will of her spouse, the late Fritz Helmreich.*

3. *Including 349,000 Shares held by Kwan Mui Company Limited, which is held as to 31% of its issued shares by Ngan Kit-ling and as to 25% of its issued shares by the estate of the late Ngan Shing Kwan, of which Ngan Kit-ling is one of the two joint executors to whom probate was granted and a beneficiary as to 1/3rd of the estate.*
4. *Including 33,468 Shares which are held by the estate of the late Wong Yick-mui as noted in Note 1 held as one of the joint executors of the will of the late Ngan Kit-keung.*
5. *These 3,766,200 Shares were beneficially held by Hyacinth Development Holdings Limited, which was wholly-controlled by Chee Sing Wan Sylvana.*

Ngan Kit-ling and Dr. Henry Ngan are persons acting in concert as defined in the Code. Their aggregate shareholding as at the Latest Practicable Date is approximately 27.51%. In the event the Repurchase Mandate is exercised in full, their aggregate shareholding will become approximately 28.07%. Accordingly, they will neither be obliged to make a mandatory offer nor will the minimum public float requirement of the Company be affected in the event the Repurchase Mandate is exercised in full.

** Shareholding percentages have been rounded to the nearest 2 decimal places.*

(H) Market Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were:

	Traded market price	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2022		
October	75.20	66.00
November	71.00	64.30
December	75.80	65.90
2023		
January	73.30	70.00
February	73.80	70.00
March	80.50	69.50
April	76.55	71.90
May	74.00	69.85
June	72.50	69.00
July	70.50	67.90
August	68.25	63.00
September	67.60	63.05
October (to the Latest Practicable Date)	62.75	60.05

By Order of the Board
Dr. Henry NGAN
Chairman

Dr. Henry NGAN, (85), Chairman, Director of the Company since 1976. Medical Practitioner. Executive Director since 1998. Also Director of Island Communication Enterprises Limited, Communication Holdings Limited, Heartwell Limited, Island Communication Investments Limited, Grand Island Place Investments Limited, Oxney Investments Limited, Communication Properties Limited, Prosperous Orient Limited, Eaglefield Properties Limited, Forever Vitality Limited and Affluent Dragon Island Limited. Dr. NGAN does not hold any directorship in any other listed public companies in the last three years. Brother of NGAN Kit-ling. Brother-in-Law of NGAN Soo Shieh Ven Maria. Save as disclosed above, Dr. NGAN has no relationships with any other Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. NGAN had interest (within the meaning of Part XV of the Securities and Futures Ordinance) in 7,206,843 Shares. Dr. NGAN does not have any service contract with the Company. After re-election, Dr. NGAN will be subject to the provisions of the Company's Articles of Association regarding retirement and, as the case may be, re-election at future Ordinary Yearly Meetings of the Company. With effect from 2nd March, 2020, Dr. NGAN is entitled to receive an annual director's fee of HK\$600,000 determined by the Board. In addition, he receives an annual director's fee of HK\$5,000 and a monthly allowance of HK\$50,000 determined by the board of a wholly-owned subsidiary of the Company.

*Anthony Grahame STOTT, (69), B.Sc., F.F.A., Affiliate of the ACCA. Director of the Company since 2002. Chairman of the Management Board of the Institute and Faculty of Actuaries since 1st February, 2019 and previously a Director of Fidelity Asian Values PLC, a UK company listed on the Main Board of the London Stock Exchange, from 24th September, 2013 to 23rd November 2022 and of Jelf Group PLC, a UK company listed on the AIM market of the London Stock Exchange, from 1st December, 2010 to 1st December, 2015. He is an actuary who between 1982 and 2002 was with Watson Wyatt & Co., a leading global actuarial and management consultancy, from 1992 to 1996 as Managing Director Hong Kong and from 1995 to 2002 as Regional Director Asia Pacific. He was president of the Actuarial Association in Hong Kong in 1984 as well as having been a member of a number of Hong Kong Government advisory committees. Save as disclosed above, Mr. STOTT does not hold any directorship in any other listed public companies in the last three years and has not held any other position with the Company or with subsidiaries of the Company other than as a director of the Company. Mr. STOTT has no relationships with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. STOTT had interest (within the meaning of Part XV of the Securities and Futures Ordinance) in 20,600 Shares. He does not have any service contract with the Company. After re-election, Mr. STOTT will be subject to the provisions of the Company's Articles of Association regarding retirement and, as the case may be, re-election at future Ordinary Yearly Meetings of the Company. With effect from 2nd March, 2020, Mr. STOTT is entitled to receive an annual director's fee of HK\$600,000 determined by the Board.

*Stephen TAN, (69), M.B.A, B.A., Director of the Company since 2014. He is an executive director of Asia Financial Holdings Limited, an independent non-executive director of Pioneer Global Group Limited, and an independent non-executive director of Keck Seng Investments (Hong Kong) Limited, all of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. Mr. TAN also sits on the boards of Bank Consortium Trust Company Limited and Hong Kong Life Insurance Limited. He is a Standing Committee Member of The Chinese General Chamber of Commerce, the Honorary President of Federation of Hong Kong Shantou Community Organizations and the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited. Mr. TAN is a voting member of Tung Wah Group of Hospitals Advisory Board, a member of the Board of Governors of Hong Kong Sinfonietta Limited and a charter member of The Rotary Club of The Peak. Save as disclosed above, Mr. TAN does not hold any directorship in any other listed public companies in the last three years and has not held any other position with the Company or with subsidiaries of the Company other than as a director of the Company. Mr. TAN has no relationships with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. TAN had interest (within the meaning of Part XV of the Securities and Futures Ordinance) in 600 Shares. He does not have any service contract with the Company. After re-election, Mr. TAN will be subject to the provisions of the Company's Articles of Association regarding retirement and, as the case may be, re-election at future Ordinary Yearly Meetings of the Company. With effect from 2nd March, 2020, Mr. TAN is entitled to receive an annual director's fee of HK\$400,000 determined by the Board.

*Dr. CHAU Ming Tak, (71), Director of the Company since 2016. He is a medical practitioner. He had 16 years of experience in hospital administration as a member of the hospital management team of Queen Mary Hospital. He is the Honorary Consultant and Independent Member of the Doctors' Advisory Committee, Canossa Hospital. He is also actively involved in voluntary community services as Committee Member of Members and Volunteers Development Committee, Hong Kong Red Cross, Committee Member of Steering Committee of Hong Kong Southern District Health Centre, Advisor of the Southern District Healthy and Safe Association and Advisor, Management Committee on Health Services of the Aberdeen Kai-fong Welfare Association. Dr. CHAU does not hold any directorship in any other listed public companies in the last three years and has not held any other position with the Company or with subsidiaries of the Company other than as a director of the Company. Dr. CHAU has no relationship with any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. CHAU had interest (within the meaning of Part XV of the Securities and Futures Ordinance) in 4,137 Shares. He does not have any service contract with the Company. After re-election, Dr. CHAU will be subject to the provisions of the Company's Articles of Association regarding retirement and, as the case may be, re-election at future Ordinary Yearly Meetings of the Company. With effect from 2nd March, 2020, Dr. CHAU is entitled to receive an annual director's fee of HK\$400,000 determined by the Board.

Michael John MOIR, (73), B.Sc., M.Eng., FRICS, FHKIS, Executive Director of the Company since 27th November, 2020. He was formerly CPS Project Director of the Hong Kong Jockey Club from 2017 to 2019 and Director of Property of the Hong Kong Jockey Club from 2010 to 2016. He was also Chairman of M2 Strategic, a Hong Kong-based consultancy providing leadership and strategy advice for property developers and investors, from 2009 to 2010. Between 2003 and 2009, Mr. MOIR was Director of Inverleith Property Services Limited, a property development and management consultancy company in the UK. From 2001 to 2003, he was Managing Director of PCCW Infrastructure and Executive Director of Pacific Century Regional Developments. Mr. MOIR served as Consultant to the Hong Kong Housing Authority advising on its public housing development policies and practices from 2000 to 2001. Prior to 1999, he was Director and General Manager of Swire Properties Limited. Mr. MOIR also had 9 years of experience in engineering consultancy at Ove Arup & Partners from 1972 to 1981. Mr. MOIR had not held any directorship in any other listed public companies in the last three years and has not held any other position with the Company or with subsidiaries of the Company other than as a director of the Company. Mr. MOIR has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. MOIR had interest (within the meaning of Part XV of the Securities and Futures Ordinance) in 2,000 Shares. After re-election, Mr. MOIR will be subject to the provisions of the Company's Articles of Association regarding retirement and, as the case may be, re-election at future Ordinary Yearly Meetings of the Company. Mr. MOIR had entered into a letter of appointment with the Company on 30th September 2020, under which he shall be entitled to receive a salary of HK\$600,000 per annum as an Executive Director and an annual Director's fee of HK\$400,000 determined by the Board.

YUNG Shun Loy Jacky, (60), B.Soc.Sc., LLB., FCPA(HK), FCCA(UK), CPA(Australia), Executive Director of the Company since 1st March, 2022 and Chief Executive Officer of the Company since 3rd January 2022. Also Director of Island Communication Enterprises Limited, Communication Holdings Limited, Heartwell Limited, Island Communication Investments Limited, Grand Island Place Investments Limited, Oxney Investments Limited, Communication Properties Limited, Prosperous Orient Limited, Eaglefield Properties Limited, Forever Vitality Limited and Affluent Dragon Island Limited. He served as the company secretary and assistant chief financial officer of China Mobile Limited from 1997 to 2005, and as the company secretary and deputy chief financial officer of China Telecom Corporation Limited from 2005 to 2015, and as the company secretary of China Unicom (Hong Kong) Limited from 2015 to 2022. He had also served as the Company's chief accountant from 1988 to 1995. Mr. YUNG had not held any directorship in any other listed public companies in the last three years and save as disclosed above, has not held any other position with the Company or with subsidiaries of the Company. Mr. YUNG has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. YUNG had interest (within the meaning of Part XV of the Securities and Futures Ordinance) in 29,200 Shares. After re-election, Mr. YUNG will be subject to the provisions of the Company's Articles of Association regarding retirement and, as the case may be, re-election at future Ordinary Yearly Meetings of the Company. Mr. YUNG had entered into a service contract with the Company on 25th November 2021 as Chief Executive Officer for a term of three years commencing 3rd January 2022 and his

remuneration as the Chief Executive Officer is HK\$3,420,000 per annum. The Company may also pay him a discretionary Chinese New Year bonus. In addition, Mr. YUNG is entitled to receive an annual Director's fee of HK\$400,000 determined by the Board and an annual director's fee of HK\$5,000 determined by the board of a wholly-owned subsidiary of the Company.

Save as disclosed above, the Company confirms that there is no information to be disclosed pursuant to the requirement of Rule 13.51(2) of the Listing Rules and there are no other matters with respect to the Directors to be re-elected at the Ordinary Yearly Meeting that need to be brought to the attention of the shareholders of the Company.

(* Independent Non-Executive Director)