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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 PROPERTY**

**MAJOR TRANSACTION
IN RELATION TO
THE PROVISION OF FINANCIAL ASSISTANCE
TO THE JOINT VENTURE COMPANY**

THE DISPOSAL

On 29 May 2015, the Company (as the vendor) and Joyful Sincere (as the purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and Joyful Sincere, a company wholly owned by Windcharm, in which the Company, through Affluent Dragon, its wholly owned subsidiary, holds 20% of its issued share capital (comprising two ordinary shares and, in due course, one non-voting dividend share) and Swire Properties, through Bright Faith, its wholly owned subsidiary, holds the remaining 80% of its issued share capital (comprising eight ordinary shares), has conditionally agreed to acquire the Property at a cash consideration of HK\$850 million.

PROVISION OF FINANCIAL ASSISTANCE TO JOYFUL SINCERE

On 29 May 2015, Swire Properties, Bright Faith, the Company, Affluent Dragon and Windcharm entered into the Funding Agreement pursuant to which the Company has conditionally agreed that all funding required by Joyful Sincere shall be contributed by Affluent Dragon and Bright Faith (including their respective subsidiaries, parent companies or subsidiaries of their respective parent companies) by way of shareholders' loans in proportion to their respective shareholding in Windcharm provided that Affluent Dragon may at any time elect not to provide any further shareholders' loans if the total shareholders' loan provided by the Group to Joyful Sincere shall exceed HK\$1,768,000,000. To provide greater flexibility to

Joyful Sincere in its operation, the Directors believe that it would be in the interest of the Company and the Shareholders that the Board be empowered, if the Board considers it appropriate so to do, to authorise the provision of further shareholders' loan to Joyful Sincere beyond HK\$1,768,000,000, subject to the Overall Cap of HK\$1,958,000,000.

LISTING RULES IMPLICATIONS

The Disposal

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

The Financial Assistance

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

DESPATCH OF CIRCULAR

The EGM will be held for the purpose of considering and, if thought fit, approving the Disposal and the provision of the Financial Assistance.

As additional time is required to prepare and finalise certain information to be included in the circular, the circular containing, inter alia, (a) further information in relation to the Disposal and the provision of the Financial Assistance; and (b) a notice convening the EGM, will be dispatched to the Shareholders on or before 23 June 2015.

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

BACKGROUND

On 29 May 2015, the Company (as the vendor) and Joyful Sincere (as the purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and Joyful Sincere, a company wholly owned by Windcharm, in which the Company, through Affluent Dragon, its wholly owned subsidiary, holds 20% of its issued share capital (comprising two ordinary shares and, in due course, one non-voting dividend share) and Swire Properties, through Bright Faith, its wholly owned subsidiary, holds the remaining 80% of its issued share capital (comprising eight ordinary shares), has conditionally agreed to acquire the Property at a cash consideration of HK\$850 million.

THE SALE AND PURCHASE AGREEMENT

Date

29 May 2015

Parties

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

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

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

Consideration and payment terms

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

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

The consideration was determined after arm's length negotiations between the Company and Swire Properties with reference to (i) the carrying value of the Property of HK\$805 million as

of 31 December 2014, which also reflects the fair value as determined by an independent property valuer as of 31 December 2014, and; (ii) the prevailing market conditions. In conducting the negotiations, account was also taken of the Company's entitlement to the Special Profit Payment as more particularly described in the section headed "Profit and dividend arrangement".

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

Condition

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

Disposal Completion

Disposal Completion shall take place on the earlier of:

- (i) if the Basic Terms Offer is acceptable to Joyful Sincere and Joyful Sincere has given a notice to complete the Disposal to the Company on this basis, the earlier of (A) the expiry of 14 days after the date of such notice; or (B) three Business Days immediately preceding the deadline for accepting the Basic Terms Offer and payment of 10% of the premium as deposit under the Basic Terms Offer;
- (ii) irrespective of whether the Basic Terms Offer shall have been made or accepted by Joyful Sincere but Joyful Sincere has given a notice to complete the Disposal to the Company, the later of (A) the expiry of 14 days after the date of such notice; or (B) 1 July 2017; or
- (iii) the expiry of 50 months (extendable to 62 months if a written notice has been given by the Company to Joyful Sincere requesting for an appeal to be made against the premium payable under the Basic Terms Offer) after the Shareholders' Approval has been obtained;

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

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

Information on the Property

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

- (i) using all reasonable endeavours to:
 - (a) arrange for the satisfaction of the conditions for the grant of the Planning Approval and to obtain the approval of the general building plans in relation to the redevelopment of the Property so as to commence development work before 23 August 2017; and
 - (b) apply to the Lands Department of Hong Kong on behalf of Joyful Sincere for the Land Exchange to permit the Property to be redeveloped in accordance with the Planning Approval;
- (ii) procuring Joyful Sincere to take all reasonable and necessary steps to obtain an extension of the validity of the Planning Approval if not all the planning conditions can be satisfied or the development work cannot commence before 23 August 2017.

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

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

The net profit after taxation attributable to the Property for the two financial years ended 30 June 2014 and 2013 were approximately HK\$332.2 million and HK\$2.0 million, respectively, as the income tax was negligible for both years.

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

Use of Proceeds

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

PROVISION OF FINANCIAL ASSISTANCE TO JOYFUL SINCERE

The Funding Agreement

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

Pursuant to the terms of the Funding Agreement and conditional upon the obtaining of the Shareholders' Approval, the parties thereto agreed that all funding required by Joyful Sincere shall be contributed by Affluent Dragon and Bright Faith (including their respective subsidiaries, parent companies or subsidiaries of their respective parent companies) by way of shareholders' loans in proportion to their respective shareholding in Windcharm. The shareholders' loans advanced to Joyful Sincere for (i) financing the purchase price of the Property, the stamp duty in respect of the acquisition of the Property by Joyful Sincere, the premium (and any relevant administrative fee(s)) in respect of the Land Exchange under the Basic Terms Offer and the costs incidental to the incorporation of Windcharm and Joyful Sincere; and (ii) on-lending to Windcharm, shall be interest free.

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

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

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

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

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

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

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

FURTHER PARTICULARS OF WINDCHARM

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

The Shareholders' Agreement

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

Agreement:

Board Composition

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

Swire Properties's exit right

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

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

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

Management of the development of the Property

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

Profit and dividend arrangement

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

Reserved matters

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

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

Termination

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

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

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

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

The Group has had many successful property joint ventures/collaboration with Swire

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

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

Impact of the Disposal

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

Impact of provision of the Financial Assistance

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

The Directors (including the independent non-executive Directors) also consider that (i) the

Disposal is on normal commercial terms, is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole; and (ii) the provision of the Financial Assistance is on terms which are normal for shareholders' financing, is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

INFORMATION ON COMPANY AND AFFLUENT DRAGON

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

INFORMATION ON SWIRE PROPERTIES AND BRIGHT FAITH

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

LISTING RULES IMPLICATIONS

The Disposal

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

The Financial Assistance

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and the provision of the Financial Assistance and is required to abstain from voting if the Company was to convene a general meeting for the approval of the Disposal and the provision of the Financial Assistance.

DESPATCH OF CIRCULAR

The EGM will be held for the purpose of considering and, if thought fit, approving the Disposal and the provision of the Financial Assistance.

As additional time is required to prepare and finalise certain information to be included in the circular, the circular containing, inter alia, (a) further information in relation to the Disposal and the provision of the Financial Assistance; and (b) a notice convening the EGM, will be dispatched to the Shareholders on or before 23 June 2015.

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

DEFINITIONS

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

“Affluent Dragon”	Affluent Dragon Island Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Basic Terms Offer”	has the meaning ascribed to it under the section headed “The Sale and Purchase Agreement – Information on the Property” in this announcement
“Board”	the board of Directors
“Bright Faith”	Bright Faith Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of Swire Properties
“Business Days”	means a day (other than a Saturday or Sunday) on which licensed banks are open for general normal banking business in Hong Kong
“Company”	China Motor Bus Company, Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 026)

“connected person”	has the meaning ascribed to it in the Listing Rules
“Disposal”	the disposal of the Property pursuant to the Sale and Purchase Agreement
“Disposal Completion”	the completion of the Disposal
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary meeting of the Company to be held to consider and approve the Disposal and the provision of the Financial Assistance
“Exit Right”	a right granted to Bright Faith to call upon Affluent Dragon to acquire its interest in Windcharm at the Exit Right Exercise Price
“Exit Right Exercise Price”	the exercise price of the Exit Right
“Financial Assistance”	the financial assistance to be provided by Affluent Dragon (including its subsidiary, parent company or subsidiaries of its parent company) to Joyful Sincere by way of shareholder’s loan(s) to Joyful Sincere pursuant to the Funding Agreement, subject to the Overall Cap
“Funding Agreement”	the funding agreement dated 29 May 2015 entered into between Swire Properties, Bright Faith, the Company, Affluent Dragon and Windcharm in relation to the respective funding obligations of Affluent Dragon and Bright Faith to Joyful Sincere as the JV Shareholders
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joyful Sincere”	Joyful Sincere Limited, a company incorporated in Hong Kong and a single purpose vehicle established for the purpose of engaging in the acquisition, holding and redevelopment of Property which will be held for sale, and is wholly owned by Windcharm
“JV Group”	Windcharm and Joyful Sincere

“JV Shareholders”	the shareholders of Windcharm, namely Affluent Dragon and Bright Faith
“Land Exchange”	the surrender of the Property by Joyful Sincere to the Government in exchange for the grant of a new lot to Joyful Sincere to permit the redevelopment in accordance with the Planning Approval to be carried out
“Overall Cap”	HK\$1,958,000,000, being the maximum shareholder’s loan that may be provided by Affluent Dragon to Joyful Sincere
“Planning Approval”	the planning permission for the redevelopment of the Property as granted by the Town Planning Board in a letter dated 13 September 2013 subject to the planning conditions set out therein
“Priority Shareholders’ Loans”	has the meaning ascribed to it under the section headed “Provision of Financial Assistance to Joyful Sincere” in this announcement
“Property”	the piece or parcel of ground registered in the Land Registry as Chai Wan Inland Lot No. 88 together with the messuages erections and buildings thereon now known as No. 391 Chai Wan Road, Chai Wan or (where the context so requires) the new lot granted under the Land Exchange
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 May 2015 entered into between the Company and the Joyful Sincere in relation to the Disposal
“Shareholder(s)”	the shareholder(s) of the Company from time to time
“Shareholders’ Agreement”	the shareholders’ agreement in relation to Windcharm dated 29 May 2015 entered into between Swire Properties, Bright Faith, the Company, Affluent Dragon and Windcharm
“Shareholders’ Approval”	the approval of the Disposal and the provision of the Financial Assistance by the Shareholders of the Company
“Special Profit Payment”	has the meaning ascribed to it under the section headed “Profit and dividend arrangement” in this

	announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules
“Swire Properties”	Swire Properties Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1972)
“Windcharm”	Windcharm Investments Limited, a company incorporated in the British Virgin Islands which is owned by Affluent Dragon and Bright Faith as to 20% and 80% of its issued share capital respectively and established for the holding of Joyful Sincere
“%”	per cent

By order of the Board
China Motor Bus Company, Limited
Kwok Pun Tak
Company Secretary

Hong Kong, 29 May 2015

As at the date of this announcement, the Board of the Company comprises NGAN Kit-ling, Dr. NGAN Kit-keung, Dr. Henry NGAN, Dr. LIU Lit-mo, Fritz HELMREICH, Anthony Grahame STOTT* and Stephen TAN*.*

** Independent non-executive director*