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BASIC FAITH COMPANY LIMITED

基信有限公司

*(incorporated in the British Virgin Islands
with limited liability)*

**KWOON CHUNG BUS HOLDINGS
LIMITED**

冠忠巴士集團有限公司*

*(incorporated in Bermuda with limited liability)
(Stock Code: 0306)*

JOINT ANNOUNCEMENT

(1) ACQUISITION OF SHARES IN KWOON CHUNG BUS HOLDINGS LIMITED BY BASIC FAITH COMPANY LIMITED

(2) MANDATORY UNCONDITIONAL CASH OFFERS BY BNP PARIBAS SECURITIES (ASIA) LIMITED ON BEHALF OF BASIC FAITH COMPANY LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF AND OPTIONS IN KWOON CHUNG BUS HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY BASIC FAITH COMPANY LIMITED AND THE EXCLUDED CONCERT PARTIES)

AND

(3) RESUMPTION OF TRADING

FINANCIAL ADVISER TO BASIC FAITH COMPANY LIMITED



BNP PARIBAS
CORPORATE & INVESTMENT BANKING

* *For identification purposes only*

THE WONG FAMILY SHARE PURCHASE AGREEMENT

Pursuant to the Wong Family Share Purchase Agreement entered into between the Offeror and Wong Family Holdings, the Offeror agreed to acquire and Wong Family Holdings agreed to sell 131,880,981 Shares, representing approximately 31.33% of the entire issued share capital of the Company as at the date of this joint announcement, at a cash consideration of HK\$303,326,256.30, or HK\$2.30 per Sale Share, which was paid in full upon the WF Completion.

WF Completion took place on 2 April 2014 immediately upon signing of the Wong Family Share Purchase Agreement.

THE FIRST ACTION SHARE PURCHASE AGREEMENT

Pursuant to the First Action Share Purchase Agreement entered into between the Offeror and First Action, the Offeror agreed to acquire and First Action agreed to sell 121,593,019 Shares, representing approximately 28.88% of the entire issued share capital of the Company as at the date of this joint announcement, at a cash consideration of HK\$279,663,943.70, or HK\$2.30 per Sale Share, which was paid in full upon the FA Completion.

FA Completion took place on 2 April 2014 immediately upon signing of the First Action Share Purchase Agreement.

MANDATORY UNCONDITIONAL CASH OFFERS

As at the date of this joint announcement and immediately after Completion, the Offeror and parties acting in concert with it (which, for the purpose of the Offers, include Mr. Matthew Wong, his spouse and other close relatives as referred to in the section headed “Information on the Group” below, and Wong Family Holdings) own in aggregate 266,196,328 Shares, representing approximately 63.23% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all issued Shares and outstanding Options (other than those already owned or agreed to be acquired by the Offeror and the Excluded Concert Parties).

BNP Paribas will, on behalf of the Offeror, make a mandatory unconditional cash offer for all the issued Shares and outstanding Options (other than those already owned or agreed to be acquired by the Offeror and the Excluded Concert Parties) on terms to be set out in the offer documents or, as the case may be, the Composite Offer Document in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share.HK\$2.30

The Option Offer

**For each Option.HK\$2.30
less the exercise price in respect
of the relevant Option**

The Offer Price of HK\$2.30 for each Offer Share is the same as the price per Sale Share paid by the Offeror under the Share Purchase Agreements.

The principal terms of the Offers are set out under the section headed “Mandatory unconditional cash offers” below.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror, the Company and the proposed new Directors will undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares.

GENERAL

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. The Company is required to send the offeree board circular in respect of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Offer Document. Such Composite Offer Document would set out, among other matters, details of the Offers, accompanied by the form of acceptance and transfer of the Shares in respect of the Share Offer and the form of acceptance and cancellation of the Options in respect of the Option Offer, and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the Offers.

The Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Chan Bing Woon, SBS, JP, Mr. Sung Yuen Lam and Mr. Lee Kwong Yin, Colin, has been formed to advise the Qualifying Shareholders and Qualifying Optionholders in respect of the Offers. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Offers.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 April 2014 pending the publication of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 April 2014.

THE WONG FAMILY SHARE PURCHASE AGREEMENT

Date:	2 April 2014
Vendor:	Wong Family Holdings
Purchaser:	The Offeror
Subject of the sale and purchase:	<p>The Offeror agreed to acquire and Wong Family Holdings agreed to sell 131,880,981 Shares, representing approximately 31.33% of the entire issued share capital of the Company as at the date of this joint announcement.</p> <p>Pursuant to the Wong Family Share Purchase Agreement, the Sale Shares have been sold free from all Encumbrances and with all rights attaching thereto with effect from the date of the WF Completion.</p>
Consideration:	<p>The share purchase price for the 131,880,981 Shares acquired by the Offeror is HK\$303,326,256.30, or HK\$2.30 per Sale Share, which was determined after arm's length negotiations between the Offeror and Wong Family Holdings. The share purchase price was paid in full by the Offeror upon the WF Completion.</p>
Completion:	<p>The WF Completion was unconditional and took place on 2 April 2014 immediately upon signing of the Wong Family Share Purchase Agreement.</p>

- Additional undertaking: Under the Wong Family Share Purchase Agreement, Wong Family Holdings has also irrevocably and unconditionally undertaken to the Offeror that subject to the WF Completion having taken place and the Offers are made by the Offeror, Wong Family Holdings will not, and will procure that none of the registered owners of Shares and/or Options legally and beneficially owned by Wong Family Holdings (other than the Sale Shares) as at the date of the Wong Family Share Purchase Agreement and as at the commencement of the offer period (as defined under the Takeovers Code) in respect of the Offers (collectively, the “**Retained Securities**”) will:
- (A) accept the Offers in respect of the Retained Securities whether in full or in part;
 - (B) during the offer period in respect of the Offers, sell, transfer, dispose of or create any pledge, charge or encumbrances over any of the Retained Securities or any interests therein, or sell, transfer, dispose of or create any pledge, charge or encumbrances over any shares in any company which is the legal and/or beneficial owner of such Retained Securities; and
 - (C) during the offer period in respect of the Offers, purchase, acquire or subscribe (whether by conversion, exchange or otherwise) any share or any other class of securities of the Company which is or may become subject to the Offers.

THE FIRST ACTION SHARE PURCHASE AGREEMENT

- Date: 2 April 2014
- Vendor: First Action
- Purchaser: The Offeror
- Subject of the sale and purchase: The Offeror agreed to acquire and First Action agreed to sell 121,593,019 Shares, representing approximately 28.88% of the entire issued share capital of the Company as at the date of this joint announcement.
- The Sale Shares shall be sold free from all Encumbrances and with all rights attaching thereto on or after the date of the FA Completion.
- Consideration: The share purchase price for the 121,593,019 Shares to be acquired by the Offeror is HK\$279,663,943.70, or HK\$2.30 per Sale Share, which was determined after arm’s length negotiations between the Offeror and First Action. The share purchase price was paid in full by the Offeror upon the FA Completion.
- Completion: FA Completion was unconditional and took place on 2 April 2014 immediately upon signing of the First Action Share Purchase Agreement.

MANDATORY UNCONDITIONAL CASH OFFERS

As at the date of this joint announcement and immediately after the Completion, the Offeror and parties acting in concert with it (which, for the purpose of the Offers, include Mr. Matthew Wong, his spouse and other close relatives as referred to in the section headed “Information on the Group” below, and Wong Family Holdings) own in aggregate 266,196,328 Shares, representing approximately 63.23% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all issued Shares and outstanding Options (other than those Shares already owned or agreed to be acquired by the Offeror and the Excluded Concert Parties).

As at the date of this joint announcement and immediately after the Completion, the Company has 52,000,000 outstanding Options, 5,300,000 of which are exercisable at the exercise price of HK\$1.126 during the exercise period from 21 September 2004 to 20 September 2014, 6,700,000 of which are exercisable at the exercise price of HK\$1.950 during the exercise period from 21 March 2011 to 20 March 2021 and 40,000,000 of which are exercisable at the exercise price of HK\$1.522 during the exercise period from 10 October 2011 to 9 October 2021. All 52,000,000 outstanding Options were granted pursuant to the share option scheme adopted by the Company on 26 August 2002.

Save for the outstanding Options, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the date of this joint announcement.

As the Offeror and the Excluded Concert Parties hold an aggregate of 254,373,665 Shares and 7,700,000 Options as at the date of this joint announcement, assuming that none of the outstanding Options will be exercised prior to the close of the Offers, 166,632,335 Offer Shares will be subject to the Share Offer and 44,300,000 Options will be subject to the Option Offer. Assuming that all the outstanding 52,000,000 Options have been fully exercised prior to the close of the Offers, 210,932,335 Offer Shares will be subject to the Share Offer. Please note that except for the Excluded Concert Parties, the Offers will also be extended to certain other family members of Mr. Matthew Wong and Wong Family Holdings who are deemed parties acting in concert with the Offeror under the Takeovers Code.

Principal terms of the Offers

BNP Paribas will, on behalf of the Offeror, make a mandatory unconditional cash offer for all the issued Shares and all outstanding Options (other than those Shares already owned or agreed to be acquired by the Offeror and the Excluded Concert Parties) on terms to be set out in the offer documents or, as the case may be, the Composite Offer Document in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share. HK\$2.30

The Option Offer

**For each Option. HK\$2.30
less the exercise price in respect
of the relevant Option (Note)**

Note: for illustration purpose, the offer price per Option under the Option Offer shall be determined as follows:

Date of grant of the outstanding Options	Exercise period of the outstanding Options	Exercise price per Share (HK\$)	Number of new Shares issuable upon exercise of the outstanding Options by all Optionholders	Number of new Share issuable upon exercise of the outstanding Options by all Qualifying Optionholders	Offer price per Option (HK\$)
5 October 2004	21 September 2004 to 20 September 2014	1.126	5,300,000	3,800,000	1.174
1 April 2011	21 March 2011 to 20 March 2021	1.950	6,700,000	6,500,000	0.350
30 November 2011	10 October 2011 to 9 October 2021	1.522	40,000,000	34,000,000	0.778

The Offers will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Comparison of value

The Offer Price of HK\$2.30 per Share is the same as the price paid by the Offeror to the Vendors for each Sale Share under the Share Purchase Agreements, and represents:

- (a) a premium of 15.0% over the closing price of HK\$2.00 per Share on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 15.2% over the average closing price of approximately HK\$2.00 per Share on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;

- (c) a premium of approximately 15.8% over the average closing price of approximately HK\$1.99 per Share on the Stock Exchange over the last 10 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 16.5% over the average closing price of approximately HK\$1.97 per Share on the Stock Exchange over the last 30 consecutive trading days up to and including the Last Trading Day; and
- (e) a discount of approximately 38.0% to the unaudited consolidated net assets value of the Company of approximately HK\$3.71 per Share as at 30 September 2013 and approximately 37.4% to the audited consolidated net assets value of the Company of approximately HK\$3.67 per Share as at 31 March 2013.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day were HK\$2.04 per Share on 31 December 2013 and HK\$1.89 per Share on 16 December 2013, respectively.

Total value of the Offers

As at the date of this joint announcement, there are 421,006,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Options is exercised prior to the making of the Offers and on the basis of the Offer Price at HK\$2.30 per Share, the entire issued share capital of the Company is valued at approximately HK\$968,313,800.

Assuming that all the 52,000,000 outstanding Options are fully exercised prior to the making of the Offers, there will be 473,006,000 Shares in issue and, on the basis of the Offer Price at HK\$2.30 per Share, the entire issued share capital of the Company is valued at approximately HK\$1,087,913,800.

Financial resources available for the Offers

Based on the respective offer prices for the Shares and the Options as referred to in the paragraph headed "Principal terms of the Offers" above, assuming that none of the outstanding Options subject to the Option Offer is exercised prior to the making of the Offers and on the basis of full acceptance of the Offers and taking no account of the undertakings given by each of Wong Family Holdings, Ms. Yuse Wong Yuet Ming Audrey and Ms. Wong Fung Ming Maria (both being the sisters of Mr. Matthew Wong), and Mr. Wong Cheuk On James (being the son of Mr. Matthew Wong and one of the proposed new Director) as mentioned below, the aggregate cash consideration payable by the Offeror under the Offers will amount to HK\$416,442,570.50. Assuming that all of the outstanding Options subject to the Option Offer is exercised prior to the making of the Offers and taking no account of the said undertakings, the aggregate cash consideration payable by the Offeror under the Offers upon full acceptance of the Offers will amount to HK\$485,144,370.50.

The Offers will be principally financed by (i) the loan facility that is in place with BNP Paribas Hong Kong Branch; and (ii) the placing and underwriting arrangements as referred to in the paragraph headed “Placing and underwriting arrangements” below.

As at the date of this joint announcement, each of Wong Family Holdings, Ms. Yuse Wong Yuet Ming Audrey, Ms. Wong Fung Ming Maria and Mr. Wong Cheuk On James, holds certain number of Shares or outstanding Options as more particularly referred to in the section headed “Information on the Group” below. Pursuant to the undertakings given by Wong Family Holdings under the Wong Family Share Purchase Agreement as referred to in the section headed “The Wong Family Share Purchase Agreement” above, Wong Family Holdings has irrevocably undertaken to the Offeror, among other matters, not to exercise its 2,400,000 Options during the offer period in respect of the Offers, or to accept the Offers whether in full or in part. The Offeror has also obtained similar irrevocable commitments from each of Ms. Yuse Wong Yuet Ming Audrey, Ms. Wong Fung Ming Maria and Mr. Wong Cheuk On James pursuant to which each of them has undertaken not to, among others, accept the Offers in respect of the Shares and/or Options (including any Shares to be allotted and issued upon exercise of any Option) held by her/him.

BNP Paribas has been appointed as the financial adviser to the Offeror in respect of the Offers. Taking into account the above and the other financial resources of the Offeror, BNP Paribas is satisfied that sufficient financial resources are available to the Offeror for meeting its obligation in case of a full acceptance of the Offers.

Placing and underwriting arrangements

On 1 April 2014, the Offeror, Mr. Matthew Wong and BNP Paribas entered into the Underwriting Agreement with a view to finance the Share Offer.

Under the Underwriting Agreement, the Offeror has appointed BNP Paribas as the exclusive placing agent pursuant to which BNP Paribas has agreed to procure purchasers, on a fully underwritten basis for the Underwritten Shares at the Offer Price. Subject to the payment conditions as mentioned below having been satisfied, the Offeror may, by giving a notice in writing to BNP Paribas, notify BNP Paribas the number of Shares for which acceptances by Qualifying Shareholders under the Share Offer have been received to be placed and underwritten, and BNP Paribas shall pay to the Offeror the aggregate Offer Price of these Underwritten Shares (less the relevant seller’s ad valorem stamp duty payable by the relevant Qualifying Shareholders in respect thereof). Upon receiving such payment, the Offeror shall arrange for the payment to the relevant Qualifying Shareholders in respect of these Shares. The payment obligation of BNP Paribas under the Underwriting Agreement is conditional upon, among others, the Composite Offer Document having been issued on or before 30 April 2014 (or such later date as may be agreed between the parties), and the receipt by or on behalf of the Offeror of valid acceptances under the Offers which would result in an aggregate cash consideration to be payable by the Offeror under the Offers of HK\$309,708,578 or more. The Underwritten Shares represent approximately 18.33% of the issued share capital of the Company as at the date of this joint announcement.

BNP Paribas has informed the Offeror that BNP Paribas has entered into certain sub-underwriting arrangements with various sub-underwriters in connection with the performance of its underwriting obligations in respect of the Underwritten Shares and may or may not enter into further sub-underwriting arrangements with other sub-underwriters. Completion of the placing of the Underwritten Shares shall take place on such date and time as designated by BNP Paribas provided that such completion date shall fall on a date which is not earlier than ten Business Days after the close of the Offers. As such, any Underwritten Shares to be taken up by BNP Paribas and/or its sub-underwriters or to be purchased by the placees procured thereby will only be transferred to BNP Paribas, its sub-underwriters and/or their respective placees after the close of the Offers.

Save to the extent that BNP Paribas is deemed to be a party acting in concert with the Offeror under the Takeovers Code by virtue of its roles as the financial adviser, financier and underwriter in respect of the Offers until the termination of such relationships with the Offeror, it is expected that BNP Paribas, the purchasers to be procured by BNP Paribas under the Underwriting Agreement and their ultimate beneficial owners will be independent of and not connected with and will not be acting in concert with the Offeror and any party acting in concert with it, and will not be connected persons (within the meaning ascribed thereto in Rule 1.01 of the Listing Rules) of the Company or their respective associates, and it is expected that the purchasers to be procured by BNP Paribas will not become a substantial shareholder or a connected person of the Company following the completion of the Underwriting Agreement.

Effect of accepting the Offers

By validly accepting the Share Offer, Qualifying Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of posting of the offer document by or on behalf of the Offeror in respect of the Offers or, as the case may be, the Composite Offer Document.

By validly accepting the Option Offer, Qualifying Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of posting of the offer document by or on behalf of the Offeror in respect of the Offers or, as the case may be, the Composite Offer Document.

Optionholders should note that under the respective rules of the share option schemes of the Company, all Options that remain unexercised prior to the closing of the Offers will lapse automatically upon closing of the Offers.

Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, subject to the Takeovers Code.

Payment

Payment in cash in respect of acceptance of the Offers will be made as soon as possible but in any event within seven business days of the date on which the duly completed acceptance of the Offers and the relevant documents of title in respect of such acceptance are received by or for the Offeror.

Stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to Qualifying Shareholders who accept the Share Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Overseas Shareholders

The availability of the Offers to the Shareholders whose addresses as shown in the register of members of the Company in Hong Kong to be outside Hong Kong may be subject to, or limited by, the laws or regulations of their respective jurisdictions.

Other arrangements

For the six months immediately prior to the date of this joint announcement, the Offeror and parties acting in concert with it have the following dealings in the Shares, options, derivatives, warrants or other securities convertible into Shares:

- (i) the sale and purchase of the Sale Shares under the Share Purchase Agreements as disclosed herein;
- (ii) the entering into of the Underwriting Agreement between the Offeror, Mr. Matthew Wong and BNP Paribas; and
- (iii) the acquisition by Mr. Wong Cheuk On James, the son of Mr. Matthew Wong, of 200,000 Shares on the Stock Exchange for cash at the consideration of HK\$1.91 per Share on 16 October 2013.

Save as disclosed above, for the six months immediately prior to the date of this joint announcement, none of the Offeror and parties acting in concert with it had dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares of the Company.

The Offeror confirms that, as at the date of this joint announcement:

- (i) save as disclosed in the section headed "Information on the Group" below, none of the Offeror, Mr. Matthew Wong or the parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares of the Company;

- (ii) none of the Offeror, Mr. Matthew Wong or any person acting in concert with any of them has received any irrevocable commitment to accept the Offers;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (iv) there is no agreement or arrangement to which the Offeror, Mr. Matthew Wong or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (v) none of the Offeror, Mr. Matthew Wong and/or parties acting in concert with any of them has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company; and
- (vi) none of the Offeror, Mr. Matthew Wong and/or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

INFORMATION ON THE GROUP

The principal activities of the Group are provision of bus services, coach hiring services, other transportation services, travel-related services, tourism services and hotel services.

The following table sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the Securities and Futures Ordinance as at the date of this joint announcement) (i) immediately before the Completion; and (ii) immediately after Completion and as at the date of this joint announcement:

	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<i>Offeror and the Excluded Concert Parties</i>				
Offeror	–	–	253,474,000	60.21
Mr. Matthew Wong (<i>Note 4</i>)	599,665		599,665	
	(<i>Note 1</i>)	0.14	(<i>Note 1</i>)	0.14
Ms. Ng Lai Yee, Christina (<i>Notes 1 and 4</i>)	300,000	0.07	300,000	0.07

	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<i>Other parties acting in concert with the Offeror</i>				
Wong Family Holdings (Note 4)	131,880,981	31.33	–	–
Mr. Wong Chung Pak, Thomas (Note 4)	1,217,665 (Note 2)	0.29	1,217,665 (Note 2)	0.29
Ms. Tso Anna (Notes 2 and 4))	–	–	–	–
Mr. Wong Wing Pak (Note 4)	699,665 (Note 3)	0.17	699,665 (Note 3)	0.17
Ms. Tang Kit Ling, Louise (Note 3)	–	–	–	–
Ms. Yuse Wong Yuet Ming Audrey	5,693,556	1.35	5,693,556	1.35
Ms. Wong Fung Ming Maria	2,777,777	0.66	2,777,777	0.66
Mr. Wong Cheuk On James (Note 4)	1,434,000	0.34	1,434,000	0.34
Mr. Lo Man Po (Note 4)	–	–	–	–
<i>Other Directors</i>				
Mr. Chan Bing Woon (Note 4)	–	–	–	–
Mr. Lee Kwong Yin, Colin (Note 4)	–	–	–	–
Mr. Sung Yuen Lam (Note 4)	–	–	–	–
<i>Total Shares held by the Offeror and parties acting with it</i>	144,603,309	34.35	266,196,328	63.23
<i>Other Shareholders</i>				
Cathay International Corporation	84,106,000	19.98	84,106,000	19.98
First Action	121,593,019	28.88	–	–
New World First Bus Services Limited	2,500,000	0.59	2,500,000	0.59
Other public Shareholders	68,203,672	16.20	68,203,672	16.20
Total	421,006,000	100.00	421,006,000	100.00

Notes:

1. These 599,665 Shares were held by Mr. Matthew Wong and his spouse, Ms. Ng Lai Yee, Christina jointly.
2. These 1,217,665 Shares were held by Mr. Wong Chung Pak, Thomas and his spouse, Ms. Tso Anna jointly.
3. These 699,665 Shares were held by Mr. Wong Wing Pak and his spouse, Ms. Tang Kit Ling, Louise jointly.

4. As at the date of this joint announcement, each of Mr. Matthew Wong, Ms. Ng Lai Yee, Christina, Wong Family Holdings, Mr. Wong Chung Pak Thomas, Ms. Tso Anna, Mr. Wong Wing Pak, Mr. Wong Cheuk On James and Mr. Lo Man Po (each being close relatives of Mr. Matthew Wong and is therefore a party acting in concert with the Offeror), and Mr. Chan Bing Woon, Mr. Lee Kwong Yin, Colin and Mr. Sung Yuen Lam (each being a Director) is an Optionholder holding certain outstanding Options, details of which are set out below:

Name of the Optionholders	Date of grant of the outstanding Options	Exercise price per Share (HK\$)	Exercise period of the outstanding Options	Number of new Shares issuable upon exercise of the outstanding Options
<i>The Offeror and parties acting in concert with the Offeror</i>				
Mr. Matthew Wong	5 October 2004	1.126	21 September 2004 to 20 September 2014	1,500,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	4,000,000
Ms. Ng Lai Yee, Christina	1 April 2011	1.95	21 March 2011 to 20 March 2021	200,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	2,000,000
Wong Family Holdings	1 April 2011	1.95	21 March 2011 to 20 March 2021	2,400,000
Mr. Wong Chung Pak Thomas	5 October 2004	1.126	21 September 2004 to 20 September 2014	1,500,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	4,000,000
Ms. Tso Anna	1 April 2011	1.95	21 March 2011 to 20 March 2021	200,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	1,000,000
Mr. Wong Wing Pak	5 October 2004	1.126	21 September 2004 to 20 September 2014	1,500,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	4,000,000
Mr. Wong Cheuk On James	30 November 2011	1.522	10 October 2011 to 9 October 2021	2,000,000
Mr. Lo Man Po	1 April 2011	1.95	21 March 2011 to 20 March 2021	200,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	2,000,000

Name of the Optionholders	Date of grant of the outstanding Options	Exercise price per Share (HK\$)	Exercise period of the outstanding Options	Number of new Shares issuable upon exercise of the outstanding Options
<i>Total number of Options held by parties acting in concert with the Offeror</i>				26,500,000
Mr. Chan Bing Woon	1 April 2011	1.95	21 March 2011 to 20 March 2021	200,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	300,000
Mr. Lee Kwong Yin, Colin	1 April 2011	1.95	21 March 2011 to 20 March 2021	200,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	300,000
Mr. Sung Yuen Lam	1 April 2011	1.95	21 March 2011 to 20 March 2021	200,000
	30 November 2011	1.522	10 October 2011 to 9 October 2021	300,000

Based on the Group's audited consolidated statement of comprehensive income for the year ended 31 March 2013, it recorded audited total comprehensive income attributable to owners of parents of approximately HK\$118,798,000 and HK\$130,622,000 for the years ended 31 March 2012 and 31 March 2013, respectively. The Group's audited consolidated total equity attributable to equity Shareholders was approximately HK\$1,378,860,000 and HK\$1,508,755,000 respectively as at 31 March 2012 and 31 March 2013.

INFORMATION ON THE OFFEROR, ITS INTENTION REGARDING THE COMPANY AND PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Offeror is an investment holding company incorporated in the British Virgin Islands on 15 August 2013 with limited liability. The Offeror is wholly owned by Infinity Faith, another company incorporated in the British Virgin Islands, which is in turn wholly and beneficially owned by Mr. Matthew Wong. Mr. Matthew Wong is the sole director of the Offeror and Infinity Faith. Before the date of the Share Purchase Agreements, neither the Offeror nor Infinity Faith has conducted any business since its incorporation, and save for the Sale Shares, none of them has any material assets as at the date of this joint announcement.

Mr. Matthew Wong, aged 58, joined the Group in the early 1970s. Mr. Wong is an executive Director, the Chief Executive Officer and Managing Director of the Group and focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. Mr. Wong has about 35 years of experience in the bus business. Mr. Wong is currently the Chairman of the Public Omnibus Operators Association in Hong Kong. Mr. Wong is the brother of Mr. Wong Chung Pak, Thomas and Mr. Wong Wing Pak. He is also a director of Wong Family Holdings.

Following the close of the Offers, it is the present intention of the Offeror that the Group will continue to focus on the development of its existing core business, namely, the Group's franchised bus, non-franchised bus and other transportation services in Hong Kong as well as its cross-border services, and does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Completion and the Offers. Nevertheless, it is the intention of the Offeror for the Group to dispose of its non-core businesses and operations in mainland China when opportunities arise so that the Group can focus its resources on the development of its core business. The Offeror will regularly review the operations and business activities of the Group to formulate a suitable business strategy for the Group and will explore other business opportunities and consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror has no plan on any injection of any assets or businesses into the Group as at the date of this joint announcement.

Mr. Wong Chung Pak, Thomas and Mr. Wong Wing Pak, both being executive Directors, will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being the closing date of the Offers) or two months after Completion, whichever is later, while both Mr. Cheng Wai Po, Samuel and Mr. Chung Chak Man, William, both being executive Directors, will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being the closing date of the Offers). The Offeror intends to nominate two executive Directors to the Board in place of the above executive Directors who shall resign and such appointment will not take effect earlier than the date of the posting of the offer document by the Offeror in respect of the Offers or, as the case may be, the Composite Offer Document subject to compliance with the Takeovers Code. Details of the proposed Directors are set out below:

Mr. Wong Cheuk On James, aged 29, holds a Bachelor's Degree of Mathematics from the University of California, Berkeley. Mr. Wong joined the Group in 2011 and he is currently an assistant to the Managing Director of the Group and is responsible for the operations of the non-franchised bus service of the Group. Mr. Wong is the son of Mr. Matthew Wong and the nephew of Mr. Wong Chung Pak, Thomas and Mr. Wong Wing Pak, who are all executive Directors. As at the date of this announcement, Mr. Wong is interested in 1,434,000 Shares and 2,000,000 Options within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Wong has entered into an employment contract with the Group regarding his current position with the Group with an annual salary of HK\$750,000.

Mr. Lo Man Po, aged 36, holds a Bachelor's Degree in Business Administration (major in Finance and Marketing) from the Western Michigan University. Mr. Lo joined the Group in 2004 and he is currently the management accounting manager of Trans-Island Limousine Service Limited, a subsidiary of the Company. Mr. Lo also works in various departments to monitor daily operations, including sales and marketing, internal audit, cost control and management accounting of the Group. He also participates in the Group's financial reporting functions, financial planning and strategy, as well as business acquisitions. He is also responsible for the cross border business of the Group and manages all daily financial issues. Mr. Lo is the son-in-law of Mr. Matthew Wong and the nephew-in-law of Mr. Wong Chung Pak, Thomas and Mr. Wong Wing Pak, who are all executive Directors. As at the date of this announcement, Mr. Lo is interested in 2,200,000 Options within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Lo has entered into an employment contract with the Group regarding his current position with the Group with an annual salary of HK\$850,000.

As the respective terms of employment or appointment and emoluments of Mr. Wong Cheuk On James and Mr. Lo Man Po for their proposed appointment of Directors have not yet been fixed as at the date of this joint announcement, other than the employment contracts referred to above in relation to their current positions in the Group, no service contract or appointment letter has yet been entered into between the Company and any of these proposed Directors as at the date of this joint announcement. Further announcement(s) will be made upon the fixing of the terms of employment or appointment and emoluments of these proposed Directors, or any appointment of any new Directors.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Reference is made to the Company's announcement dated 2 August 2007 in relation to the insufficiency of public float of the Company. Immediately prior to the Completion, the public float of the Company was approximately 18.6%. Immediately after Completion and as at the date of this joint announcement, the public float of the Company is approximately 19.1%.

Assuming that the Offer Shares (other than the aggregate of 9,905,333 Shares held by Ms. Yuse Wong Yuet Ming Audrey, Ms. Wong Fung Ming Maria and Mr. Wong Cheuk On James as at the date of this joint announcement which will not be tendered for acceptance under the Share Offer pursuant to the irrevocable undertakings given by each of them) are accepted in full under the Share Offer and none of the Options are exercised prior to the close of the Offers, and taking into account the placing and underwriting arrangements under the Underwriting Agreement, it is expected that the public float of the Company will be slightly raised to the level of approximately 20.34% immediately after the close of the Offers and the placing of the Underwritten Shares pursuant to the Underwriting Agreement, which will still fall short of the minimum prescribed percentage of public float of 25% of the issued Shares under the Listing Rules.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading of the Shares; or**
- **that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror, the Company and the proposed new Directors will undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. The Company is required to send the offeree board circular in respect of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Offer Document. Such Composite Offer Document would set out, inter alia, details of the Offers, accompanied by the form of acceptance and transfer of the Shares in respect of the Share Offer and the form of acceptance and cancellation of the Options in respect of the Option Offer, and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the Offers.

The Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Chan Bing Woon, *SBS, JP*, Mr. Sung Yuen Lam and Mr. Lee Kwong Yin, Colin, has been formed to advise the Qualifying Shareholders and Qualifying Optionholders in respect of the Offers. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Offers.

Further announcement will be made when the Composite Offer Document together with the form of acceptance and transfer in respect of the Offers are despatched.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 April 2014 pending the publication of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 April 2014.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“BNP Paribas”	BNP Paribas Securities (Asia) Limited, the financial adviser of the Offeror in respect of the Offers, and is a licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities

“Board”	board of Directors of the Company
“Company”	Kwoon Chung Bus Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	collectively, the WF Completion and the FA Completion
“Composite Offer Document”	the document proposed to be jointly issued by and on behalf of the Offeror and the Company to all Shareholders and Optionholders in accordance with the Takeovers Code containing, among others, the terms and conditions of the Offers, the form of acceptance and transfer of the Shares in respect of the Share Offer and the form of acceptance and cancellation of the Options in respect of the Option Offer, the letter of advice of the independent financial adviser to the Independent Board Committee in respect of the Offers, and the letter of advice of the Independent Board Committee to the Qualifying Shareholders and the Qualifying Optionholders in relation to the Offers
“Director(s)”	director(s) of the Company
“Encumbrance”	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase or title retention arrangement over or in any property, assets or rights of whatsoever nature and includes any agreement for any of them
“Excluded Concert Parties”	collectively, Infinity Faith, Mr. Matthew Wong and his spouse
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time or any delegate of such executive director
“FA Completion”	completion of the First Action Share Purchase Agreement in accordance with its terms
“First Action”	First Action Developments Limited, a company incorporated in the British Virgin Islands, the vendor of the 121,593,019 Shares under the First Action Share Purchase Agreement and a substantial Shareholder immediately prior to the FA Completion.
“First Action Share Purchase Agreement”	the sale and purchase agreement dated 2 April 2014 entered into between First Action as vendor and the Offeror as purchaser in relation to the sale and purchase of 121,593,019 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee of the Board established for the purpose of advising the Qualifying Shareholders and the Qualifying Optionholders in relation to the Offers, comprising of all independent non-executive Directors, namely Mr. Chan Bing Woon, SBS, JP, Mr. Sung Yuen Lam and Mr. Lee Kwong Yin, Colin
“Infinity Faith”	Infinity Faith International Company Limited (遠諾國際有限公司), a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Matthew Wong
“Last Trading Day”	1 April 2014, being the last trading day for the Shares prior to the suspension of trading in the Shares pending the publication of this joint announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Matthew Wong”	Mr. Wong Leung Pak, Matthew, the sole director and the ultimate beneficial owner of the Offeror, and an executive Director
“Offer Price”	HK\$2.30 payable in cash by the Offeror to the Shareholders per Share under the Share Offer
“Offeror”	Basic Faith Company Limited (基信有限公司), a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Infinity Faith, which is in turn wholly and beneficially owned by Mr. Matthew Wong
“Offers”	collectively, the Share Offer and the Option Offer
“Options”	share options granted by the Company pursuant to (i) the share option scheme of the Company adopted on 26 August 2002 or (ii) the share option scheme of the Company adopted on 23 August 2012, which entitle holders thereof to subscribe for the Shares in accordance with the terms and conditions thereof
“Optionholders”	holders of the Option(s)
“Option Offer”	an unconditional mandatory cash offer to be made by the Offeror for the cancellation of the Options held by the Qualifying Optionholders in accordance with the Takeovers Code
“PRC”	the People’s Republic of China
“Qualifying Optionholders”	Optionholders other than the Offeror and the Excluded Concert Parties

“Qualifying Shareholders”	Shareholders other than the Offeror and the Excluded Concert Parties
“Sale Shares”	an aggregate of 253,474,000 Shares agreed to be acquired by the Offeror pursuant to the Wong Family Share Purchase Agreement and the First Action Share Purchase Agreement
“Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Share Offer”	an unconditional mandatory cash offer to be made by the Offeror for all the issued Shares owned by the Qualifying Shareholders at the Offer Price in accordance with the Takeovers Code;
“Share Purchase Agreements”	collectively, the Wong Family Share Purchase Agreement and the First Action Share Purchase Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the conditional placing and underwriting agreement dated 1 April 2014 and entered into between the Offeror, Mr. Matthew Wong and BNP Paribas for the placing by BNP Paribas as placing agent for the Offeror of the Underwritten Shares on fully underwritten basis pursuant to the terms and conditions thereof
“Underwritten Shares”	up to 77,173,913 Shares, representing approximately 18.33% of the issued share capital of the Company as at the date of this joint announcement, of which BNP Paribas has agreed to act as placing agent of the Offeror to procure purchasers, on a fully underwritten basis, in accordance with the terms of the Underwriting Agreement
“Unit Trust”	a unit trust named “The Wong Family Unit Trust” established pursuant to a unit trust deed dated 19 August 1996
“Vendors”	collectively, First Action and Wong Family Holdings, being the vendors of the Sale Shares under the Wong Family Share Purchase Agreement and the First Action Share Purchase Agreement
“WF Completion”	completion of the Wong Family Share Purchase Agreement in accordance with its terms

“Wong Family Holdings”	Wong Family Holdings (PTC) Limited, a company incorporated in the British Virgin Islands with limited liability, the vendor of the 131,880,981 Shares under the Wong Family Share Purchase Agreement and a controlling Shareholder immediately prior to the WF Completion. These Shares were sold by Wong Family Holdings in its capacity as the trustee on trust for the benefit of the Unit Trust, the units of which are beneficially owned as to one-third by each of the discretionary family trusts of the respective families of Mr. Matthew Wong, Mr. Wong Chung Pak, Thomas and Mr. Wong Wing Pak, three of the executive Directors
“Wong Family Share Purchase Agreement”	the sale and purchase agreement dated 2 April 2014 entered into between Wong Family Holdings as vendor and the Offeror as purchaser in relation to the sale and purchase of 131,880,981 Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Basic Faith Company Limited
Mr. Wong Leung Pak, Matthew
Director

By order of the Board of
Kwoon Chung Bus Holdings Limited
Mr. Wong Chung Pak, Thomas
Chairman and Executive Director

Hong Kong, 7 April 2014

As at the date of this joint announcement, the Board comprises Mr. Wong Chung Pak, Thomas, Mr. Wong Leung Pak, Matthew, Mr. Wong Wing Pak, Mr. Cheng Wai Po, Samuel and Mr. Chung Chak Man, William as executive Directors and Mr. Chan Bing Woon, SBS, JP, Mr. Sung Yuen Lam and Mr. Lee Kwong Yin, Colin as independent non-executive Directors.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Wong Leung Pak, Matthew.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement (other than those relating to the Offeror), the omission of which would make any statements in this joint announcement misleading.