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KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 306)

SUPPLEMENTAL ANNOUNCEMENT REGARDING UPDATES ON DIRECTOR'S INFORMATION

References are made to the announcement dated 8 August 2019 in relation to the updates on the information of Mr. Chan Bing Woon (“Mr. Chan”), an independent non-executive director (the “Director”) of the Kwoon Chung Bus Holdings Limited (the “Company”, together with its subsidiaries, the “Group”). Unless otherwise specified, capitalized terms used herein have the same meanings as those defined therein.

As mentioned in the news release (the “News Release”) published on the website of the Stock Exchange on 15 July 2019 (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0715/2019071500311.pdf>), China Regenerative Medicine International Limited (formerly known as China Bio-Med Regeneration Technology Limited, “CRMI”) (Stock Code: 8158) was censured by the Listing Committee of GEM of the Stock Exchange for failing to comply with the disclosure, shareholder approval and prior consultation with the Stock Exchange requirements in relation to its granting of loans which was an activity not within its usual and ordinary course of business and the loans were funded by proceeds raised from share placings that were intended to be used for its principal business activities and as general working capital (the “Incident”). Mr. Chan is an independent non-executive director (“INED”) of CRMI and, together with certain other directors of CRMI, was censured for his failure to perform monitoring duty diligently required as a director under Rule 5.01(6) of the GEM Listing Rules and the declaration and undertaking in the form set out in Appendix 6-A of the GEM Listing Rules to comply with the GEM Listing Rules to the best of his abilities and to use his best endeavours to procure compliance of GEM Listing Rules by CRMI (the “Censure”).

The nomination committee (the “Nomination Committee”) of the Company and the Board have reviewed and assessed the Censure and consider that notwithstanding the Censure, Mr. Chan is still suitable to act as a Director under Rules 3.08 and 3.09 of the Listing Rules, for the reasons set out below.

- (a) the incident did not involve any dishonesty, fraudulent or integrity issue on the part of Mr. Chan

The Board and the Nomination Committee have the News Release containing the Censure and noted that the Incident related to the grant of loans from placing proceeds of CRMI while Mr. Chan was an INED of CRMI at the material time. Based on the information contained in the News Release, there is nothing which implicates that the Incident involved any dishonest or fraudulent conduct of Mr. Chan, nor was he involved in granting of the loans. There is also nothing in the News Release which implicates that the Incident involved any integrity issue of Mr. Chan.

- (b) Mr. Chan’s business experience, knowledge and professionalism is valuable to the Group

Mr. Chan has been the INED of the Company since 1996. As such, he is very familiar with the Group’s operation. Being in the legal profession for over 40 years, and his numerous involvements in public duties, the Board considers that his experience, knowledge and professionalism could bring valuable insight and benefit to the Board and the Group.

- (c) No previous violation of Listing Rules or GEM Listing Rules

Notwithstanding that Mr. Chan has been acting as director of a public company (i.e. the Company) for over 20 years, the Incident was the first time Mr. Chan was being found in breach of GEM Listing Rules. He has no previous record of breach of Listing Rules or the GEM Listing Rules.

- (d) Mr. Chan is not involved in the day-to-day operation of the Group

The day-to-day operation of the Group including financial or treasury activities is managed by the executive Directors and other senior management. The INEDs (including Mr. Chan) are not directly involved in such activities. The Board and the audit committee (which Mr. Chan is only one of its members) of the Company have also regularly reviewed the effectiveness of the internal control systems of the Group. Under the collective effort of the members in ensuring the adequacy, effectiveness and efficiency of the Group’s internal control systems, the Group had not recorded any material non-compliance with the Listing Rules in the past. The Company has also engaged external legal advisers to render professional legal advice as to the compliance with the applicable laws and regulations applicable to the Group from time to time. As such, the involvement by Mr. Chan in the Incident has no implication over the adequacy, effectiveness and efficiency of the Group’s internal control systems on one hand, and did not undermine the Board’s confidence in Mr. Chan’s continual contribution to the Group.

- (e) Mr. Chan has undergone training on compliance, director's duties and corporate governance matters

The Board noted in the News Release that Mr. Chan is required to attend 24 hours of training on compliance, director's duties and corporate governance matters together with four hours on compliance with Chapter 19 and Appendix 15 of the GEM Listing Rules. Mr. Chan confirmed that he has completed the required training and has equipped with an enhanced and refreshed knowledge on the above areas.

On the above basis, the Nomination Committee and the Board are of the view that Mr. Chan is still suitable to act as a Director under Rules 3.08 and 3.09 of the Listing Rules.

BREACH OF LISTING RULES AND REMEDIAL ACTIONS

Under Rule 13.51B(2) of the Listing Rules, where this is a change in any of the information required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) during the course of a director's term of office, the issuer must publish an announcement in accordance with Rule 2.07C as soon as possible setting out the updated information regarding the director and any other information concerning that change that needs to be brought to the attention of holders of the issuer's securities. Under Rule 13.74 of the Listing Rules, the issuer must also disclose the details required under Rule 13.51(2) of any directors proposed to be re-elected in the notice or accompanying circular to its shareholders of the relevant general meeting. The Company has failed to publish an announcement in relation to the Censure as required under Rule 13.51B(2) or disclose the Censure in the circular issued by the Company dated 22 July 2019 as required under Rule 13.74.

In order to ensure that the Company will operate in strict and full compliance with the Listing Rules, including, among others, the requirements under Rules 13.51B(2) and 13.74 of the Listing Rules, on a continuous basis, the Company has taken the following measures to prevent reoccurrence of the non-compliance:

- (i) all Directors have been reminded that should there be any information that requires to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2), they should notify the company secretary immediately;
- (ii) upon receipt of the notification from a Director, the company secretary shall then immediately inform all other Directors and prepare the draft announcement;
- (iii) the Board shall arrange for publication of the announcement in accordance with Rule 2.07C of the Listing Rules; and
- (iv) in case of any doubt, the Board shall consult the professional advisers to the Company.

The Directors are of the view that the above measures could effectively prevent the occurrence of similar non-compliance in the future.

By order of the Board
Chan Kwok Kee, Andy
Company Secretary

Hong Kong, 13 August 2019

As at the date of this announcement, the Board comprises Mr. Wong Leung Pak, Matthew, BBS, Mr. Wong Cheuk On, James and Mr. Lo Man Po as executive Directors and Mr. Chan Bing Woon, SBS, JP, Mr. James Mathew Fong and Mr. Chan Fong Kong, Francis as independent non-executive Directors.

* *For identification purpose only*