

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA MOTOR BUS COMPANY, LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 026)

DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY

The Board wishes to announce that after trading hours on 26 July 2016, the Vendor, an indirectly wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to buy the Property at a cash consideration of GBP18,500,000 (equivalent to approximately HK\$189,314,200 *). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

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 5% but will be less than 25%, the Disposal under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Disposal is subject to notification and announcement requirements under the Listing Rules.

BACKGROUND

The Board wishes to announce that after trading hours on 26 July 2016, the Vendor, an indirectly wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to buy the Property at a cash consideration of GBP18,500,000 (equivalent to approximately HK\$189,314,200*).

THE SALE AND PURCHASE AGREEMENT

Date : 26 July 2016

Vendor : Communication Properties Limited, an indirectly wholly-owned subsidiary of the Company

Purchaser : Lenta Properties Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed of

The Property is a seven-storey office and retail building arranged over two basement levels, ground and five upper storeys, and comprises of a retail unit on the ground floor with ancillary accommodation on the lower ground floors, and office accommodation on the lower ground, ground, and five upper floors. The Property has a total net internal area (measured in accordance with the RICS Code of Measuring Practice, 6th Edition) of approximately 31,941 sq. feet. The Property is subject to an existing 15-year lease of the retail unit granted in favour of Tesco Stores Limited.

For the financial year ended 30 June 2014 and 30 June 2015, the audited total rental income of the retail and office components of the Property was HK\$12,468,908 and HK\$12,181,119, respectively.

Consideration

The Consideration for the Disposal is GBP18,500,000 (equivalent to approximately HK\$189,314,200*), and shall be payable by the Purchaser in cash in the following manner:

- (i) a deposit of GBP1,850,000 (equivalent to approximately HK\$18,931,420*), representing 10% of the Consideration will be paid on the date of the Sale and Purchase Agreement; and
- (ii) The balance of the Consideration will be paid on the Completion Date.

At Completion, the Purchaser will also pay its portion of the District Levy that has been paid by the Vendor up to 31 March 2017 for the period of the Purchaser's ownership as from Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account the prevailing market value such as the price of similar properties in the proximity of the Property.

Termination Events

Either the Vendor or the Purchaser may rescind the Sale and Purchase Agreement, if the other party fails to complete in accordance with a notice requiring completion of the contract in accordance with the terms of the Sale and Purchase Agreement.

Completion

Completion shall take place on the Completion Date.

INFORMATION ABOUT THE PARTIES

The Group

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

The Vendor is an investment holding company and an indirectly wholly owned subsidiary of the Company.

The Purchaser

The Purchaser is an indirect wholly owned subsidiary of CP Holdings Limited, a UK company which was active in open cast coal mining and which has substantial interests in Israel, Africa, Hungary and other countries in Central Europe.

The principal activity of the Purchaser is in the renting of office space in the UK for flexible periods.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property was purchased by the Vendor in or around August 2000 for long term investment purpose, and was fully let at the time of acquisition. In particular, the office accommodation, which comprises the major portion of the Property, was then let on a 16 year lease. While the yield from the Property had been good and the rental from the Property received over the years had more than exceeded the original acquisition price, the lease of the office accommodation came to an end in November 2015. As the office accommodation was last refurbished in 2000, it would now require fairly extensive refurbishment before the Vendor would be able to re-let the vacated portions of the Property. The Vendor has been advised by its professional surveyor and valuer that the required refurbishment would entail a substantial capital expenditure, and no income could be expected from the office portion of the Property until completion of the refurbishment. The Directors believe that, in light of current market conditions, including the general softening of rental demand following the Brexit referendum, the costs to the Vendor of continuing to hold the Property, coupled with the associated risks, may outweigh the potential benefit of so doing. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement (including the Consideration) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND THE INTENDED USE OF PROCEEDS

As at 30 June 2015, the book carrying value of the Property, being the Hong Kong dollar equivalent (at the then exchange rate of GBP1:HK\$12.1818) of the then appraised value of the Property of GBP15 million was HK\$182,727,000. Had the book carrying value of the Property been reflected in GBP, then after taking into account the estimated costs of the Disposal, the Company would expect a profit from the Disposal of approximately GBP3,222,500 (equivalent to approximately HK\$32,976,487*). However, due to fluctuation in the exchange rate for GBP since 30 June 2015, if the Consideration were to be converted into Hong Kong dollars at the same rate of exchange of GBP1: HK\$10.2332

adopted purely for illustration for the purpose of this announcement, then the Disposal will translate into a profit of approximately HK\$3,747,487 in the books of the Company.

The Group will retain the proceeds from the Disposal with a view to investigating future investment opportunities.

LISTING RULES IMPLICATION

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 5% but will be less than 25%, the Disposal under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Disposal is subject to notification and announcement requirements under the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“Board”	the board of Directors
“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)
“Completion”	the completion of the Disposal
“Completion Date”	6 September 2016
“Consideration”	the Purchase Price
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property pursuant to the terms and conditions of the Sale and Purchase Agreement
“District Levy”	a business improvement district levy of GBP11,876.30 paid by the Vendor to the Westminster City Council, the local authority for the City of Westminster in Greater London, UK for the period from 1 April 2016 to 31 March 2017
“GBP”	Great Britain Pounds, the lawful currency of the UK
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	party(ies) who are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the freehold property known as Thanet House, 231 and 232 Strand London WC2R 1DA being all the property registered at H.M. Land Registry with absolute title under Title Number LN239413 and as described in the paragraph “Assets to be disposed of” in this announcement
“Purchaser”	Lenta Properties Limited, a company incorporated in the UK
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 July 2016 entered into between the Vendor and the Purchaser in respect of the Disposal
“Shareholder(s)”	holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	United Kingdom of Great Britain and Northern Ireland
“Vendor”	Communication Properties Limited, a company incorporated in the British Virgin Islands and an indirectly wholly-owned subsidiary of the Company
“%”	per cent

**For the purpose of this announcement and for illustrative purpose only, GBP is converted into HK\$ at the rate of GBP1:HK\$10.2332. No representation is made that any amounts in GBP has been or could be converted at the above rates or at any other rates.*

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

Hong Kong, 26 July 2016

As at the date of this announcement, the Board 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