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CHINESE PEOPLE HOLDINGS COMPANY LIMITED

中民控股有限公司

(incorporated in Bermuda with limited liability) (stock code: 681)

PRELIMINARY ASSESSMENT ON THE 2014 VALUATION OF THE TARGET GROUP

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on the unaudited management accounts of the Target Group up to 31 March 2014, the Target Group may record a loss for the financial year ended 31 March 2014. Such loss is mainly attributable to the income and expenditure of the Target Group not reaching a breakeven level in running lottery betting stations in both Shenzhen and Guizhou. The ultimate financial results are subject to the audit.

Based on the financial and operational information currently available (including but not limited to the unaudited management accounts of the Target Group up to 31 March 2014 and the actual expansion schedule of the lottery betting stations in Shenzhen and Guizhou) and the discussion between the management of the Company and the Independent Valuer, it is expected that the 2013/14 Valuation Difference is likely to be zero or show a negative sum.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Chinese People Holdings Company Limited (the “**Company**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the circular of the Company dated 8 July 2013 (the “**Circular**”) in respect of, among other things, the entering into of the Settlement Deed. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Board wishes to inform the Shareholders and potential investors that based on the unaudited management accounts of the Target Group up to 31 March 2014, the Target Group may record a loss for the financial year ended 31 March 2014. Such loss is mainly attributable to the income and expenditure of the Target Group not reaching a breakeven level in running lottery betting stations in both Shenzhen and Guizhou. The ultimate financial results are subject to the audit.

Pursuant to the Settlement Deed, the Vendor and the Company shall jointly appoint an independent valuer as nominated by the Company to conduct the 2014 Valuation after 31 March 2014, and procure that the 2014 Valuation Report shall be prepared and delivered to the Vendor and the Company on or before 30 June 2014. Accordingly, on 9 April 2014, the Vendor and the Company jointly appointed Asset Appraisal Limited (the “**Independent Valuer**”), an independent valuer as nominated by the Company, to conduct the 2014 Valuation. Based on the financial and operational information currently available (including but not limited to the unaudited management accounts of the Target Group up to 31 March 2014 and the actual expansion schedule of the lottery betting stations in Shenzhen and Guizhou) and the discussion between the management of the Company and the Independent Valuer, it is expected that the 2013/14 Valuation Difference is likely to be zero or show a negative sum.

Pursuant to the Settlement Deed, in the event that the 2013/14 Valuation Difference shall be zero or show a negative sum, the Vendor and the Company shall jointly procure the Placing Agent, on the best effort basis, to dispose of 1,727,729,582 Consideration Shares within six months after the date of the 2014 Settlement Certificate (the “**2014 Placing Period**”) at the then best price reasonably obtainable by the Placing Agent. The Escrow Agent shall then release and transfer such number of Consideration Shares successfully placed by the Placing Agent which are held in the escrow of the Escrow Agent to the placee(s). The Placing Agent shall pay the net proceeds from such sale to the Company promptly after completion of such sale. Should the Placing Agent fail to place all of the 1,727,729,582 Consideration Shares during the 2014 Placing Period, the Escrow Agent shall release and transfer the remaining Consideration Shares which are held in the escrow of the Escrow Agent to Shareholders whose names appear on the register of members of the Company at the close of business on the last day of the 2014 Placing Period (other than the Vendor) on a pro-rata basis.

As at the date hereof, the Independent Valuer is still in the process of preparation of the 2014 Valuation Report. The preliminary assessment on the 2014 Valuation as mentioned above is merely based on the unaudited management accounts of the Target Group up to 31 March 2014 and other financial and operational information currently available. There is no assurance that the ultimate amount of the 2013/14 Valuation Difference, which is subject to the finalisation of the 2014 Valuation Report, will be zero or show a negative sum. Further announcement(s) will be made by the Company in respect of (i) the finalisation of the 2014 Valuation; (ii) the details of placing of the Consideration Shares and the intended use of net proceeds; and (iii) the details and arrangement of distribution of the Consideration Shares to the then Shareholders, if applicable, in due course as and when appropriate and in compliance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Chinese People Holdings Company Limited
Mr. Jin Song
Managing Director and Executive Director

Beijing, 11 April 2014

As at the date of this announcement, the Board comprises four Executive Directors, namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Jin Song (Managing Director) and Mr. Chu Kin Wang Peleus, and three Independent Non-executive Directors, namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.