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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)*

**(I) CONNECTED TRANSACTION RELATING TO  
THE SUBSCRIPTION OF NEW SHARES  
BY A SUBSTANTIAL SHAREHOLDER; AND  
(II) APPLICATION FOR WHITEWASH WAIVER**

**Financial Adviser to the Company**



**THE SUBSCRIPTION AGREEMENT**

On 29 December 2017 (after trading hours of the Stock Exchange), the Company and Dr. Mo entered into the Subscription Agreement whereby Dr. Mo agreed to subscribe for, and the Company agreed to allot and issue an aggregate of 1,888,865,067 Subscription Shares at the Subscription Price of HK\$0.104 per Subscription Share to set off the Balance on a dollar-to-dollar basis. Dr. Mo also agreed to waive all the interest incurred and to be incurred from the Cash Consideration.

The Subscription Shares represent (i) approximately 26.41% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.89% of the issued share capital of the Company as enlarged by the Subscription Shares, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of the Subscription Agreement and up to the Completion Date.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Dr. Mo is an executive Director, the chairman of the Board and a substantial Shareholder holding, directly and indirectly, 1,743,917,695 Shares, representing approximately 24.38% of the issued share capital of the Company. Accordingly, Dr. Mo is a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

As at the date of this announcement, Dr. Mo and parties acting or presumed to be acting in concert with him are, in aggregate, interested in 2,202,193,582 Shares, representing approximately 30.79% of the issued share capital of the Company. Upon Completion, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of the Subscription Agreement and up to the Completion Date, Dr. Mo and parties acting in concert with him (excluding parties presumed to be acting in concert with Dr. Mo under class (6) presumption under the definition of "acting in concert" under the Takeovers Code only (i.e. Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin)) will, in aggregate, be interested in 3,971,054,044 Shares, representing approximately 43.92% of the issued share capital of the Company as enlarged by the Subscription Shares. Upon Completion, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin will no longer be presumed to be acting in concert with Dr. Mo under class (6) presumption under the definition of "acting in concert" under the Takeovers Code. Pursuant to Rule 26.1 of the Takeovers Code, Dr. Mo and parties acting or presumed to be acting in concert with him will be required to make a mandatory general offer for all the issued securities of the Company (other than those already owned or agreed to be acquired by Dr. Mo and parties acting or presumed to be acting in concert with him) in the absence of the Whitewash Waiver.

Dr. Mo will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the issue of the Subscription Shares pursuant to the Subscription Agreement. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders by way of poll at the SGM.

**The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Subscription Agreement will not become unconditional and the Subscription will not proceed.**

## **DESPATCH OF CIRCULAR**

A circular containing, among others, (i) further details of the Subscription, the Subscription Agreement, the Specific Mandate and the Whitewash Waiver; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver; (iv) a notice of SGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 19 January 2018.

**The Subscription Agreement and the transactions contemplated thereunder are subject to the fulfilment of the Conditions which are set out in the paragraph headed “Conditions of the Subscription” under the section headed “THE SUBSCRIPTION AGREEMENT” in this announcement. Therefore, the Subscription Agreement and the transactions contemplated thereunder may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## **BACKGROUND**

Reference is made to the circular of the Company dated 25 November 2014 in respect of the Acquisition.

On 5 September 2014, the Company and Dr. Mo entered into the S&P Agreement in relation to the Acquisition. Pursuant to the S&P Agreement, Dr. Mo conditionally agreed to sell and the Company conditionally agreed to purchase the entire issued share capital of True Vanguard, together with the debt, loan or liability due from True Vanguard to Dr. Mo, at an aggregate consideration (the “**Consideration**”) of RMB370,000,000 (equivalent to HK\$466,612,550 and subject to adjustment). The Consideration shall be settled by the Company in the following manners:

- (a) at completion of the Acquisition, as to HK\$232,675,000 (equivalent to RMB184,499,431), by offsetting the subscription proceeds to be paid by Ping Da Development upon the exercise of the subscription rights attaching to the 1,135,000,000 unlisted warrants that were issued by the Company to Ping Da Development on 31 July 2013 at the subscription price of HK\$0.205 per subscription share; and

- (b) on the sixth Business Day (or such other time as may be agreed between the Company and Dr. Mo) after the issue of the written certificate (the “**Profit Certificate**”) by the Company’s auditor or the reporting accountant for the Acquisition within seven Business Days after the issue of the audited financial statements of True Vanguard and its other enterprises (the “**True Vanguard Group**”) for the year ending 31 March 2017 showing the actual audited consolidated profit or loss before interest, taxes, depreciation and amortisation of the True Vanguard Group (“**2017 EBITDA**”), as to the balance of HK\$233,937,550 (equivalent to RMB185,500,569) (the “**Cash Consideration**”), to be paid by the Company to Dr. Mo by a banker’s cashier order in the amount of HK\$233,937,550 issued by any licensed bank in Hong Kong or the PRC.

Furthermore, pursuant to the S&P Agreement, Dr. Mo has irrevocably warranted and guaranteed to the Company that the 2017 EBITDA will not be less than RMB30,000,000 (the “**Profit Guarantee**”). In the event that the actual 2017 EBITDA showing on the Profit Certificate equals to or more than RMB30,000,000, the Company shall pay Dr. Mo the Cash Consideration. The S&P Agreement and the transactions contemplated thereunder were duly approved by the then independent Shareholders at the special general meeting of the Company on 12 December 2014. Subsequently, completion of the Acquisition took place on 15 December 2014.

On 30 June 2017, the Company confirmed that the Profit Guarantee has been met. As at the date of this announcement, the outstanding amount of Cash Consideration to be paid by the Company to Dr. Mo under the S&P Agreement is RMB155,768,480 (equivalent to approximately HK\$196,441,967 based on the exchange rate of RMB1.000 to HK\$1.261115 pursuant to the S&P Agreement) (the “**Balance**”), together with the overdue interest of RMB3,072,693 (equivalent to approximately HK\$3,875,019 based on the exchange rate of RMB1.000 to HK\$1.261115 pursuant to the S&P Agreement) accrued up to 30 November 2017.

## **THE SUBSCRIPTION AGREEMENT**

On 29 December 2017 (after trading hours of the Stock Exchange), the Company and Dr. Mo entered into the Subscription Agreement whereby Dr. Mo agreed to subscribe for, and the Company agreed to allot and issue an aggregate of 1,888,865,067 Subscription Shares at the Subscription Price of HK\$0.104 per Subscription Share to set off the Balance on a dollar-to-dollar basis. Dr. Mo also agreed to waive all the interests incurred and to be incurred from the Cash Consideration.

The principal terms of the Subscription Agreement are set out below.

**Date:** 29 December 2017 (after trading hours of the Stock Exchange)

**Parties:** (i) the Company; and

(ii) Dr. Mo Shikang, an executive Director, the chairman of the Board and a substantial Shareholder holding, directly and indirectly, 1,743,917,695 Shares, representing approximately 24.38% of the issued share capital of the Company

### **Subscription Shares**

As at the date of this announcement, there are 7,152,954,136 Shares in issue. The Subscription Shares represent (i) approximately 26.41% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.89% of the issued share capital of the Company as enlarged by the Subscription Shares, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of the Subscription Agreement and up to the Completion Date.

### **Subscription Price**

The Subscription Price is HK\$0.104 per Subscription Share. The net Subscription Price per Subscription Share (after deducting the relevant expenses) is approximately HK\$0.103. The Subscription Price:

- (i) is equivalent to the closing price of HK\$0.104 per Share as quoted on the Stock Exchange as at the Last Trading Day;
- (ii) is equivalent to the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) is equivalent to the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) represents a discount of approximately 64.86% to the unaudited equity attributable to owners of the Company per Share of approximately HK\$0.296 as at 30 September 2017 (based on a total of 7,152,954,136 Shares as at the date of this announcement and the unaudited equity attributable to owners of the Company of approximately RMB1,761.1 million (equivalent to approximately HK\$2,116.0 million) as at 30 September 2017).

The Subscription Price was determined after arm's length negotiations between the Company and Dr. Mo with reference to the financial conditions of the Group, the prevailing market prices of the Shares and the recent market conditions.

### **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares.

### **Conditions of the Subscription**

Completion is conditional upon fulfillment of the following Conditions:

- (i) the passing by the Independent Shareholders of relevant resolutions at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares, the Specific Mandate and the Whitewash Waiver;
- (ii) the Executive granting the Whitewash Waiver to Dr. Mo and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the Subscription Shares; and
- (iv) the Bermuda Monetary Authority granting consent to (if required) the issue of the Subscription Shares.

None of the Conditions can be waived by any parties to the Subscription Agreement. In the event that not all the Conditions have been fulfilled on or before the Long Stop Date, the Subscription Agreement shall cease and determine, and neither party shall have any claim against the other, save for any antecedent breaches of the terms of the Subscription Agreement.

As at the date of this announcement, none of the Conditions have been fulfilled.

### **Completion**

Subject to fulfillment of all the Conditions, Completion shall take place on the Completion Date.

### **No lock-up arrangement for the Subscription Shares**

There is no lock-up arrangement for the Subscription Shares upon allotment and issue under the Subscription Agreement.

## **Specific Mandate**

The Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the SGM.

## **Application for Listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Group is principally engaged in the sales and distribution of natural gas and LPG in the PRC, including the provision of piped gas, transportation, distribution and retail of LPG and production and sale of barreled drinking water.

As mentioned in the section headed “BACKGROUND” above, on 5 September 2014, the Company and Dr. Mo entered into the S&P Agreement in relation to the Acquisition. The S&P Agreement and the transactions contemplated thereunder were duly approved by the then independent Shareholders at the special general meeting of the Company on 12 December 2014. Subsequently, completion of the Acquisition took place on 15 December 2014. Please refer to the circular of the Company dated 25 November 2014 for further information of the Acquisition. As at the date of the Subscription Agreement, the outstanding Balance payable by the Company to Dr. Mo under the S&P Agreement amounts to RMB155,768,480, plus the overdue interest of RMB3,072,693 accrued up to 30 November 2017.

As at 30 September 2017, the Group’s net current assets as well as bank balances and cash amounted to approximately RMB66.4 million and approximately RMB402.7 million, respectively. Taking into account the existing Group’s cash level, coupled with the short-term bank borrowings of RMB61.0 million as at 30 September 2017, the Board considers that the Group is capable to settle the Balance by way of internal resources. However, in view of the capital intensive nature of the Group’s business, the Board considers it requisite for the Group to maintain a relatively high level of cash and credit lines so as to meet its operation requirements. Furthermore, the Group is actively expanding its existing businesses and looking for development opportunities in other new businesses (including but not limited to expanding the scale of investment in the existing subsidiaries, acquiring other businesses and expanding its gas stations). In particular, the Group is currently contemplating to develop a mixed project specialising in the distribution in LPG, kitchen and cold-chain products (the “**Project**”) with an independent third party. The target customers of the Project include catering enterprises, supermarkets and household consumers. Under the current business plan, the Project will be held as to 60% by the Group and as to 40% by an independent third party. In view of the Group’s development plan as detailed above, the Board considers that it is crucial for the Group to maintain sufficient working capital to expand the Group’s existing businesses and/or develop new businesses (including but not limited to the Project) as and when necessary. As at the date of this announcement, the Group has not yet entered into any formal agreements with any parties in relation to the Project.

Accordingly, on 4 December 2017, the Company commenced to discuss with Dr. Mo on the possibility of off-setting against the Balance by way of the Subscription. Pursuant to the Subscription Agreement, the aggregate Subscription Price of HK\$196,441,967 payable by Dr. Mo to the Company will set off the Balance. Furthermore, Dr. Mo agreed to waive all the interests incurred and to be incurred from the Cash Consideration. The Board is of the view that the Subscription can alleviate the repayment pressure of the Company without cash outflows from the Group, and thus improve the Group's financial position.

Save for the Subscription, the Board has considered alternative means of repaying the Balance (such as by way of bank borrowings and equity financing). In respect of long-term bank borrowings, the Company has enquired with several commercial banks and financial institutions regarding the possibility and feasibility of granting new credit lines to the Group. However, the Company is unable to obtain sufficient additional credit lines at a reasonable cost. As to equity fund raising exercise (such as placement of new Shares to independent third parties, rights issue and/or open offer), the Group has approached several brokers about the possibility and feasibility of acting as placing agent or underwriter of the Company. Upon enquiry, the brokers requested a placing/underwriting commission ranging from 3% to 5% on the total fund raising size and also a deep discount on the placing/subscription price so as to increase the attractiveness of the equity fund raising exercise. Furthermore, the placing would be conducted on best effort basis and therefore, the amount to be raised from the placing would be uncertain and subject to market condition.

Having considered the above, the Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the Independent Financial Adviser) consider that the Subscription is beneficial to the Group and that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities in the past twelve months immediately before the date of this announcement.

## **CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY**

The following table depicts the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Subscription Shares, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of this announcement and up to the Completion Date, for illustrative purposes only:



Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares	
	No. of Shares	Approximate%	No. of Shares	Approximate%
Dr. Mo (Notes 1 and 3)	608,917,695	8.51	2,497,782,762	27.62
Ping Da Development (Note 2)	1,135,000,000	15.87	1,135,000,000	12.55
Mr. Zhang Hesheng ("Mr. Zhang") (Notes 1, 5 and 6)	338,271,282	4.73	338,271,282	3.74
<b>Sub-total for Dr. Mo and parties acting in concert with him (Note 7)</b>	<b>2,082,188,977</b>	<b>29.11</b>	<b>3,971,054,044</b>	<b>43.92</b>
<b>Other Directors</b>				
Mr. Chu Kin Wang Peleus ("Mr. Chu") (Notes 1, 4 and 5)	83,004,605	1.16	83,004,605	0.92
Mr. Fan Fangyi ("Mr. Fan") (Notes 1 and 5)	22,000,000	0.31	22,000,000	0.24
Dr. Liu Junmin ("Dr. Liu") (Notes 1 and 5)	5,000,000	0.07	5,000,000	0.06
Prof. Zhao Yanyun ("Prof. Zhao") (Notes 1 and 5)	5,000,000	0.07	5,000,000	0.06
Mr. Sin Ka Man ("Mr. Sin") (Notes 1 and 5)	5,000,000	0.07	5,000,000	0.06
Public Shareholders	4,950,760,554	69.21	4,950,760,554	54.75
<b>Total</b>	<b>7,152,954,136</b>	<b>100.00</b>	<b>9,041,819,203</b>	<b>100.00</b>

Notes:

1. Dr. Mo, Mr. Zhang, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin are Directors.
2. Ping Da Development is a company wholly owned by Dr. Mo.
3. Miss Mo Yunbi ("Miss. Mo"), an executive Director, is the daughter of Dr. Mo. As at the date of this announcement, Miss Mo does not hold any Shares.
4. Out of these 83,004,605 Shares, 69,000,000 Shares are directly held by Mr. Chu while the remaining 14,004,605 Shares are held by Ms. Woo Sau Kuen ("Ms. Woo"), the spouse of Mr. Chu. For the purpose of the SFO, Mr. Chu is deemed, or taken to be, interested in all the Shares in which Ms. Woo is interested.
5. Save for being fellow Directors and the relationship between Dr. Mo and Mr. Zhang as disclosed in note 6 below, Dr. Mo does not have any other relationship with each of Mr. Zhang, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin. Each of Mr. Zhang, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin is presumed to be acting in concert with Dr. Mo under class (6) presumption under the definition of "acting in concert" under the Takeovers Code until Completion. This class (6) presumption will cease to apply after Completion.

6. *In December 2005, Dr. Mo transferred 2,239 shares in Asian Allied Limited (“Asian Allied”), the then controlling shareholder of the Company, to Mr. Zhang at nil consideration. Upon completion of the transfer, Dr. Mo and Mr. Zhang held 42.75% and 22.39% of the issued share capital of Asian Allied, respectively. On 29 August 2011, Asian Allied distributed the Shares held by it by way of distribution in specie and 427,841,375 Shares and 224,078,793 Shares were transferred to Dr. Mo and Mr. Zhang, respectively. Hence, Dr. Mo and Mr. Zhang were regarded as owning or controlling 20% or more of the voting rights of Asian Allied. Accordingly, Mr. Zhang is presumed to be a party acting in concert with Dr. Mo under class (1) presumption under the definition of “acting in concert” under the Takeovers Code.*
7. *These sub-total figures exclude the shareholding of parties presumed to be acting in concert with Dr. Mo under class (6) presumption under the definition of “acting in concert” under the Takeovers Code only (i.e. Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin). As at the date of this announcement, Dr. Mo and parties acting or presumed to be acting in concert with him (including Mr. Zhang, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin) are, in aggregate, interested in 2,202,193,582 Shares, representing approximately 30.79% of the issued share capital of the Company. Upon Completion, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin will no longer be presumed to be acting in concert with Dr. Mo under class (6) presumption under the definition of “acting in concert” under the Takeovers Code. Accordingly, Dr. Mo and parties acting or presumed to be acting in concert with him (including Mr. Zhang) will, in aggregate, be interested in 3,971,054,044 Shares, representing approximately 43.92% of the issued share capital of the Company as enlarged by the Subscription Shares, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of the Subscription Agreement and up to the Completion Date.*
8. *As at the date of this announcement, the Company does not have any outstanding derivatives, options, warrants, convertible rights or other similar rights which are convertible or exchangeable into Shares.*
9. *Any discrepancies in the table above between totals and sums of amounts set out in it are due to rounding.*

## **GENERAL**

### **Implications under the Listing Rules**

As at the date of this announcement, Dr. Mo is an executive Director, the chairman of the Board and a substantial Shareholder holding, directly and indirectly, 1,743,917,695 Shares, representing approximately 24.38% of the issued share capital of the Company. Accordingly, Dr. Mo is a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **Implications under the Takeovers Code**

As at the date of this announcement, Dr. Mo and parties acting or presumed to be acting in concert with him are, in aggregate, interested in 2,202,193,582 Shares, representing approximately 30.79% of the issued share capital of the Company. Upon Completion, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of the Subscription Agreement and up to the Completion Date, Dr. Mo and parties acting in concert with him (excluding parties presumed to be acting in concert with Dr. Mo under class (6) presumption under the definition of “acting in concert” under the Takeovers Code only (i.e. Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin)) will, in aggregate, be interested in 3,971,054,044 Shares, representing approximately 43.92% of the issued share capital of the Company as enlarged by the Subscription Shares. Upon Completion, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin will no longer be presumed to be acting in concert with Dr. Mo under class (6) presumption under the definition of “acting in concert” under the Takeovers Code. Pursuant to Rule 26.1 of the Takeovers Code, Dr. Mo and parties acting or presumed to be acting in concert with him will be required to make a mandatory general offer for all the issued securities of the Company (other than those already owned or agreed to be acquired by Dr. Mo and parties acting or presumed to be acting in concert with him) in the absence of the Whitewash Waiver.

Dr. Mo will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the issue of the Subscription Shares pursuant to the Subscription Agreement. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders by way of poll at the SGM.

As at the date of this announcement, the Company does not believe that the Subscription (including the allotment and issue of the Subscription Shares) would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in relation to the Subscription, the Specific Mandate and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription (including the allotment and issue of the Subscription Shares) does not comply with other applicable rules and regulations.

**The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Subscription Agreement will not become unconditional and the Subscription will not proceed.**

As at the date of this announcement, other than 2,202,193,582 Shares held by Dr. Mo and parties acting or presumed to be acting in concert with him as disclosed in the section headed “CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY” in this announcement and all the transactions contemplated under the Subscription Agreement as disclosed in the section headed “THE SUBSCRIPTION AGREEMENT” in this announcement, neither Dr. Mo nor any of parties acting or presumed to be acting in concert with him:

- (i) holds, owns, controls or directs any shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company nor has entered into any outstanding derivatives in respect of the securities in the Company;
- (ii) has secured any irrevocable commitment from any Independent Shareholders to vote in favour of or against the resolutions approving the Subscription, the Specific Mandate and/or the Whitewash Waiver;
- (iii) has any arrangement as referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) or contracts with any other parties in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which might be material to the Subscription, the Specific Mandate and/or the Whitewash Waiver;
- (iv) has any agreement or arrangement to which Dr. Mo or any of parties acting or presumed to be acting in concert with him is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription, the Specific Mandate and/or the Whitewash Waiver; and
- (v) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

On 27 July 2016, the Company conditionally granted Shares to certain Directors (including Mr. Zhang, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao and Mr. Sin, who are presumed to be acting in concert with Dr. Mo). Details of the grant of new Shares (the “Award Shares”) are as follows:

<b>Name of Director</b>	<b>No. of Award Shares granted</b>
Mr. Zhang	15,000,000 Shares
Mr. Chu	69,000,000 Shares
Mr. Fan	22,000,000 Shares
Dr. Liu	5,000,000 Shares
Prof. Zhao	5,000,000 Shares
Mr. Sin	5,000,000 Shares

The grant of the Award Shares was approved by the then independent Shareholders in the special general meeting of the Company on 14 October 2016. As the Award Shares had a vesting period, the Award Shares were issued to the relevant Directors on 30 September 2017. For further details of the grant of the Award Shares, please refer to the circular of the Company dated 23 September 2016.

Save for the entering into of the Subscription Agreement and the grant of the Award Shares, neither Dr. Mo nor any of parties acting or presumed to be acting in concert with him has acquired or disposed of any voting rights of the Company or has dealt for value in any shares, convertible securities, warrants, options or derivatives in respect of the securities of the Company in the six-month period prior to the date of this announcement. Dr. Mo and parties acting or presumed to be acting in concert with him will not acquire or dispose of any voting rights of the Company after the date of this announcement until Completion.

## **SGM**

The SGM will be convened for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver.

In accordance with the Listing Rules and the Takeovers Code, (i) Dr. Mo and his associates; (ii) any parties acting or presumed to be acting in concert with Dr. Mo; and (iii) Shareholders involved or interested in the Subscription, the Specific Mandate and/or the Whitewash Waiver will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver at the SGM. Save as Dr. Mo and parties acting or presumed to be acting in concert with him (including Ping Da Development, Miss Mo, Mr. Zhang, Mr. Chu, Mr. Fan, Dr. Liu, Prof. Zhao, Mr. Sin and Ms. Woo), no other Shareholder has a material interest in or is involved in or interested in the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate or the Whitewash Waiver, and will be required to abstain from voting on the resolution(s) at the SGM.

Furthermore, as Dr. Mo and Miss Mo, the daughter of Dr. Mo, were considered to have a material interest in the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver, they had abstained from voting on the Board resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver.

Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver.

The Independent Financial Adviser will be appointed as soon as possible to advise the Independent Board Committee and the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation on voting. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

### **Despatch of Circular**

A circular containing, among others, (i) further details of the Subscription, the Subscription Agreement, the Specific Mandate and the Whitewash Waiver; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver; (iv) a notice of SGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 19 January 2018.

**The Subscription Agreement and the transactions contemplated thereunder are subject to the fulfilment of the Conditions which are set out in the paragraph headed “Conditions of the Subscription” under the section headed “THE SUBSCRIPTION AGREEMENT” in this announcement. Therefore, the Subscription Agreement and the transactions contemplated thereunder may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Acquisition”	the acquisition of the entire issued share capital of True Vanguard and the debt, loan or liability due from True Vanguard to Dr. Mo under the S&P Agreement
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Chinese People Holdings Company Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and subject to the conditions of the Subscription Agreement
“Completion Date”	the date of Completion, being the third Business Day after the day on which all the Conditions have been fulfilled, or such other date as may be agreed between the Company and Dr. Mo
“Conditions”	the conditions precedent to Completion, as more particularly set out under the paragraph headed “Conditions of the Subscription” under the section headed “THE SUBSCRIPTION AGREEMENT” in this announcement
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Mo”	Dr. Mo Shikang, an executive Director, the chairman of the Board and a substantial Shareholder holding, directly and indirectly, 1,743,917,695 Shares, representing approximately 24.38% of the issued share capital of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors, namely Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man, which has been established by the Board for the purpose of advising the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver and as to voting at the SGM
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver and as to voting at the SGM
“Independent Shareholders”	Shareholders other than (i) Dr. Mo and his associates; (ii) any parties acting or presumed to be acting in concert with Dr. Mo; and (iii) parties involved or interested in the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and/or the Whitewash Waiver
“Last Trading Day”	29 December 2017, being the last trading day of the Shares on the Stock Exchange prior to the entering into of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2018, or such other date as may be agreed by the Company
“LPG”	liquefied petroleum gas
“Ping Da Development”	Ping Da Development Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Dr. Mo



“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver
“Share(s)”	ordinary share(s) of HK\$0.07 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate proposed to be obtained from the Independent Shareholders at the SGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of 1,888,865,067 Subscription Shares by Dr. Mo pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 29 December 2017 entered into between the Company and Dr. Mo in relation to the Subscription
“Subscription Price”	HK\$0.104 per Subscription Share
“Subscription Shares”	1,888,865,067 new Shares to be allotted and issued to Dr. Mo pursuant to the terms and subject to the conditions of the Subscription Agreement

“S&P Agreement”	the sale and purchase agreement dated 5 September 2014 entered into between the Company and Dr. Mo in relation to the Acquisition, as supplemented by the supplemental agreement dated 13 November 2014
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“True Vanguard”	True Vanguard Holdings Limited, a company incorporated in British Virgin Islands with limited liability
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of Dr. Mo to make a general offer for all securities of the Company (other than those already owned or agreed to be acquired by Dr. Mo and parties acting or presumed to be acting in concert with him) as a result of the allotment and issue of the Subscription Shares under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For illustration purposes, unless otherwise specified, amounts in RMB in this announcement have been converted into HK\$ at an exchange rate of RMB1.0000 = HK\$1.2015.*

By order of the Board  
**Chinese People Holdings Company Limited**  
**Mr. Fan Fangyi**  
*Managing Director and Executive Director*

Beijing, 29 December 2017

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

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than that relating to Dr. Mo and parties acting in concert with him) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by Dr. Mo and parties acting in concert with him) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*Dr. Mo accepts full responsibility for the accuracy of information contained in this announcement (other than that relating to the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*