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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)

FINALISATION OF THE 2014 VALUATION OF THE TARGET GROUP AND PLACING OF THE CONSIDERATION SHARES

FINALISATION OF THE 2014 VALUATION OF THE TARGET GROUP

The Board wishes to inform the Shareholders and potential investors that according to the 2014 Valuation Report prepared by the Independent Valuer dated 30 April 2014, the 2014 Valuation amounted to RMB31,920,283 (equivalent to approximately HK\$39,593,919) and the 2013/14 Valuation Difference showed a negative sum of RMB33,746,818. The 2014 Valuation was arrived at on the basis of fair value using a discounted cashflow methodology and asset based approach with the assumptions which, as advised by the Independent Valuer, consistently applied as disclosed in the Circular.

PLACING OF THE CONSIDERATION SHARES

On 30 April 2014 (after trading hours), the Vendor, the Company and Astrum entered into the Placing Agreement pursuant to which Astrum agreed, on a best effort basis, to place up to 1,727,729,582 Consideration Shares to not fewer than six Placees who and whose ultimate beneficial owners are (i) third parties independent of and not connected with the Company or any of its connected persons (as defined in the Listing Rules); and (ii) are not acting in concert with the Vendor or its associate within the meaning of the Takeovers Code. It is expected that no Placee will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

The Placing Price of HK\$0.205 per Consideration Share (i) equals to the closing price of HK\$0.205 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and (ii) represents a premium of approximately 0.99% over the average of the closing prices of HK\$0.203 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of the Placing Agreement.

The gross proceeds from the Placing is estimated to be approximately HK\$354.2 million and net proceeds from the Placing, after deducting related placing commission and other expenses in connection with the Placing, is approximately HK\$341.8 million. The net placing price for the Placing is approximately HK\$0.198 per Consideration Share. Such proceeds will be used as general working capital of the Company.

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

Reference is made to (i) the circular of Chinese People Holdings Company Limited (the “**Company**”) dated 8 July 2013 (the “**Circular**”) in respect of, among other things, the entering into of the Settlement Deed; (ii) the announcement of the Company dated 24 July 2013 (the “**2013 Announcement**”) in respect of the finalisation of the 2013 Valuation of the Target Group; and (iii) the announcement of the Company dated 11 April 2014 in respect of the preliminary assessment on the 2014 Valuation of the Target Group. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

FINALISATION OF THE 2014 VALUATION OF THE TARGET GROUP

On 9 April 2014, the Vendor and the Company jointly appointed Asset Appraisal Limited (the “**Independent Valuer**”), an independent valuer nominated by the Company, to conduct the 2014 Valuation of the Target Group. The Board wishes to inform the Shareholders and potential investors that according to the 2014 Valuation Report prepared by the Independent Valuer dated 30 April 2014, the 2014 Valuation amounted to RMB31,920,283 (equivalent to approximately HK\$39,593,919). The 2014 Valuation was arrived at on the basis of fair value using a discounted cashflow methodology and asset based approach with the assumptions which, as advised by the Independent Valuer, consistently applied as disclosed in the Circular.

As disclosed in the 2013 Announcement, the 2013 Valuation amounted to RMB65,667,101. Accordingly, the 2013/14 Valuation Difference showed a negative sum of RMB33,746,818. The Company has issued to and served on the Vendor a written certificate (the “**2014 Settlement Certificate**”), (i) showing the calculation and amount of the 2013/14 Valuation Difference; and (ii) certifying the release of all 1,727,729,582 Consideration Shares.

Pursuant to the Settlement Deed, in the event that the 2013/14 Valuation Difference shows 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, at the then best price reasonably obtainable by the Placing Agent.

PLACING OF THE CONSIDERATION SHARES

On 30 April 2014 (after trading hours), the Vendor, the Company and Astrum Capital Management Limited (“**Astrum**”) entered into a placing agreement (the “**Placing Agreement**”) pursuant to which Astrum agreed, on a best effort basis, to place up to 1,727,729,582 Consideration Shares (the “**Placing**”).

The major terms and condition of the Placing Agreement are set out as below:

Parties

- (i) the Company;
- (ii) the Vendor; and
- (iii) Astrum, as the placing agent

collectively, as “**Parties**”

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Astrum and its ultimate beneficial owners are independent of and not connected with any connected persons (as defined in the Listing Rules) of the Company or any of the respective associates (as defined in the Listing Rules).

Number of Consideration Shares to be placed

1,727,729,582 Consideration Shares (representing approximately 29.74% of the existing issued share capital of the Company as at the date of this announcement), which are beneficially owned by the Vendor and held in escrow by the Escrow Agent. As at the date of this announcement, the Vendor was beneficially and equally owned by Mr. Yang Songsheng (“**Mr. Yang**”) and Mr. Yeung Paak Ching (“**Mr. Yeung**”).

Pursuant to the Settlement Deed, the Escrow Agent shall release and transfer such number of Consideration Shares successfully placed by Astrum which are held in the escrow of the Escrow Agent to the Placee(s).

The aggregate nominal value of all the Consideration Shares is HK\$120,941,070.74.

Placees

The Consideration Shares will be placed to not fewer than six professional, institutional or other investors or any of their respective subsidiaries or associates (the “**Placees**”) who and whose ultimate beneficial owners (i) are third parties independent of and not connected with the Company or any of its connected persons (as defined in the Listing Rules); and (ii) are not acting in concert with the Vendor or its associate within the meaning of the Takeovers Code. It is expected that no Placee will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

Placing Price

The placing price (the “**Placing Price**”) of HK\$0.205 per Consideration Share (exclusive of any brokerage, the SFC transaction levy and the Stock Exchange trading fee payable):

- (a) equals to the closing price of HK\$0.205 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (b) represents a premium of approximately 0.99% over the average of the closing prices of HK\$0.203 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of the Placing Agreement.

Placing commission

Astrum will receive a placing commission of 3.50% of the amount equal to the Placing Price multiplied by the number of the Consideration Shares successfully placed by Astrum.

The Placing Price and the placing commission mentioned above were arrived at after arm’s length negotiations between the Company, the Vendor and Astrum and, in the case of the Placing Price, with reference to the recent trading price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Agreement (including the terms relating to the Placing Price and the placing commission) has been entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of proceeds

The gross proceeds from the Placing is estimated to be approximately HK\$354.2 million and net proceeds from the Placing, after deducting related placing commission and other expenses in connection with the Placing, is approximately HK\$341.8 million. The net placing price for the Placing is approximately HK\$0.198 per Consideration Share.

Astrum shall pay the net proceeds from the Placing to the Company upon completion of the Placing. Such proceeds will be used as general working capital of the Company.

Ranking of Consideration Shares

The Consideration Shares rank *pari passu* in all respects with all other Shares in issue as at the date of the Placing Agreement.

Condition of the Placing

The Placing is unconditional and shall be completed on or before the day falling 21 days after the date of the Placing Agreement (the “**Placing Completion Date**”).

Termination of the Placing

Unless otherwise agreed among the Parties, Astrum’s appointment shall terminate upon the earlier of (a) completion of the Placing and (b) termination of the Placing by Astrum in accordance with the terms and conditions of the Placing Agreement, whereby the Vendor and the Company will be formally notified by Astrum in writing in accordance with the terms of the Placing Agreement.

Astrum reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Placing Completion Date, if in Astrum’s reasonable opinion, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in Astrum’s reasonable opinion, materially and adversely affect the business or the financial or trading position of the Group; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *sui generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in Astrum’s reasonable opinion, materially and adversely affect the business or the financial or trading position of the Group as a whole or adversely prejudices the success of the placing of the Consideration Shares to the Placees or otherwise makes it inexpedient or inadvisable for Astrum to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Consideration Shares to the Placee(s)) or otherwise in Astrum’s reasonable opinion makes it inexpedient or inadvisable or inappropriate for Astrum to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Placing Completion Date;

- (a) the Vendor commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than 7 consecutive trading days, other than the purposes of clearing of the announcement (if any) relating to the Placing Agreement; or

- (c) Astrum shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect.

Astrum shall be entitled (but not bound) by notice in writing to the Vendor to elect to treat such matter or event as releasing and discharging Astrum from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of Astrum hereunder shall cease and determine and no Party shall have any claim against any other Parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Effects on the shareholding structure of the Company

Assuming that the Consideration Shares are fully placed and no new Shares will be allotted and issued from the date of this announcement to the Placing Completion Date and, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Placing Completion Date are summarised as follows:

Shareholders	As at the date of this announcement		Immediately after the Placing Completion Date	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Dr. Mo Shikang ¹	427,841,375	7.36	427,841,375	7.36
Mr. Zhang Hesheng ¹	227,138,793	3.91	227,138,793	3.91
Mr. Chu Kin Wang Peleus ^{1 & 3}	9,840,000	0.17	9,840,000	0.17
Vendor²	1,727,729,582	29.74	-	-
<i>Public Shareholders</i>				
The Placees⁴	-	-	1,727,729,582	29.74
Other public Shareholders	3,417,404,386	58.82	3,417,404,386	58.82
Total	5,809,954,136	100.00	5,809,954,136	100.00

Notes:

1. Dr. Mo Shikang, Mr. Zhang Hesheng and Mr. Chu Kin Wang Peleus are Directors.
2. The Vendor is legally, beneficially and equally held by Mr. Yang and Mr. Yeung. Mr. Yang and Mr. Yeung are brothers and both of them are directors of the Vendor.
3. This represents interests legally and beneficially held by the spouse of Mr. Chu Kin Wang Peleus.
4. It is expected that no Placees will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing.

GENERAL

Pursuant to the Settlement Deed, 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, i.e. 31 October 2014 (other than the Vendor) on a pro-rata basis.

Further announcement(s) will be made by the Company in respect of (i) the result of the Placing; and (ii) the arrangement of distribution of the Consideration Shares to the 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, 30 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.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at an exchange rate of RMB1.0000 to HK1.2404. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.