CHINESE PEOPLE HOLDINGS COMPANY LIMITED
中 民 控 股 有 限 公 司
(incorporated in Bermuda with limited liability) (stock code: 681)

MAJOR AND CONNECTED TRANSACTION

THE S&P AGREEMENT

On 5 September 2014 (after trading hours), the Company entered into the S&P Agreement with the Vendor for the sale and purchase of (i) the Sale Shares, representing the entire issued share capital of the Target Company; and (ii) the Sale Loan.

Pursuant to the S&P Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares and the Sale Loan at the Aggregated Consideration of RMB370,000,000 (equivalent to HK$466,612,550), subject to adjustment according to the details as set out in the paragraph headed "Profit Guarantee" below. The Aggregated Consideration shall be settled (i) at Completion, 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 attached to the 1,135,000,000 Warrants at the subscription price of HK$0.205 per Subscription Share; and (ii) on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor), as to the balance of HK$233,937,550 (equivalent to RMB185,500,569), to be paid by the Company to the Vendor by a banker's cashier order in the amount of HK$233,937,550 issued by any licensed bank in Hong Kong. The Aggregated Consideration was determined after arm's length negotiations between the Vendor and the Company after taking into account a number of factors including, among other things, the business nature and prospects of the Target Group, and the preliminary estimation of the fair value of the Target Group of not less than RMB370,000,000 pursuant to the business valuation carried out by the Independent Valuer under discounted cashflow approach as at 31 August 2014.

LISTING RULE IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules. Besides, given that as at the date of this announcement, the Vendor is the chairman of the Board, an executive Director and a substantial Shareholder holding (i) 427,841,375 Shares, representing approximately 7.36% of the issued share capital of the Company; and (ii) 1,135,000,000 Warrants through Ping Da Development, the Vendor is therefore considered as a connected person (as defined in the Listing Rules) to the Company. Accordingly, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. The Vendor and his associates are regarded as having material interest in the Acquisition and therefore they are required to abstain from voting on the resolution proposed to be passed at the SGM for approving the Acquisition and the transactions contemplated under the S&P Agreement.

GENERAL

As additional time is required to prepare and finalise certain information to be included in the circular, which contains, among other things, (i) further information on the Acquisition; (ii) the recommendation of the IBC to the Independent Shareholders; (iii) the advice from New Spring Capital Limited, the independent financial adviser to the IBC and the Independent Shareholders; (iv) the accountants' report of the Target Group; (v) the business valuation report of the Target Group prepared by the Independent Valuer; and (vi) a notice of the SGM, it is expected the circular will be despatched to the Shareholders on or before 30 September 2014.

THE S&P AGREEMENT

Date: 5 September 2014 (after trading hours)

Parties

Vendor: Dr. Mo Shikang, who is, as at the date of this announcement, the chairman of the Board, an executive Director and a substantial Shareholder holding (i) 427,841,375 Shares, representing approximately 7.36% of the issued share capital of the Company; and (ii) 1,135,000,000 Warrants through Ping Da Development

Purchaser: the Company

Assets to be acquired

Pursuant to the S&P Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase (i) the Sale Shares, representing the entire issued share capital of the Target Company, free from all encumbrances and together with all existing and future rights and benefits attaching with or accruing to the Sale Shares; and (ii) the Sale Loan free from all encumbrances, subject to the satisfaction (or waiver, where applicable) of the conditions precedent as set out in the paragraph headed "*Conditions*" below.

Consideration

The consideration for the Sale Shares is RMB361,025,956.98 (equivalent to HK$455,295,250) and the consideration for the Sale Loan is RMB8,974,043.02 (equivalent to HK$11,317,300). The Aggregated Consideration of RMB370,000,000 (equivalent to HK$466,612,550), subject to adjustment according to the details as set out in the paragraph headed "*Profit Guarantee*" below, shall be settled in the following manner:

(i) at Completion, 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 attached to the 1,135,000,000 Warrants at the subscription price of HK$0.205 per Subscription Share; and

(ii) on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor), as to the balance of HK$233,937,550 (equivalent to RMB185,500,569) (the "**Cash Consideration**"), to be paid by the Company to the Vendor by a banker's cashier order in the amount of HK$233,937,550 issued by any licensed bank in Hong Kong.

Note: Pursuant to the S&P Agreement, RMB to HK$ are exchanged at the rate of 1.261115, being the average of the bid price and the ask price of CNH/HKD exchange rate as quoted on Bank of China (Hong Kong) Limited at 4:00 p.m. on the date of the S&P Agreement.

Pursuant to the S&P Agreement, in the event that the Company fails to settle the Cash Consideration on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor), the Company shall pay an interest to the Vendor calculated based on the outstanding amount of the Cash Consideration at the best lending rate in Hong Kong dollars as quoted from time to time by The Hongkong and Shanghai Banking Corporation Limited on the basis of 365-day a year for the period from the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor) to the date of settling the outstanding payment.

Pursuant to an undertaking letter signed by Ping Da Development as at the date of the S&P Agreement, Ping Da Development has undertaken to exercise the subscription rights attached to the 1,135,000,000 Warrants on the Completion Date irrespective of the market price of the Shares.

The Aggregated Consideration was determined after arm's length negotiations between the Vendor and the Company after taking into account a number of factors including, among other things, the business nature and prospects of the Target Group and the preliminary estimation of the fair value of the Target Group of not less than RMB370,000,000 pursuant to the business valuation carried out by the Independent Valuer under discounted cashflow approach as at 31 August 2014. 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 New Spring Capital Limited, the independent financial adviser) consider that the terms of the S&P Agreement and the Acquisition are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions

Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

(1) the Company being satisfied with the results of the due diligence review in respect of, among other things, the assets, liabilities, business operation and financial position of the Target Group;

(2) the passing by the Independent Shareholders at a special general meeting of the Company to be convened and held of an ordinary resolution to approve the S&P Agreement and the transactions contemplated thereunder;

(3) the Vendor and the Target Company having obtained all necessary approvals and consents in respect of the Acquisition;

(4) the Company having obtained all necessary approvals and consents in respect of the Acquisition;

(5) a PRC legal opinion (in form and substance satisfactory to the Company including (i) the existing permits possessed by the PRC Companies are still valid; and (ii) there are no legal barriers restricting the PRC Companies to carry on liquefied petroleum gas ("**LPG**") business and the production of barreled drinking water) to be issued by a PRC legal counsel nominated by the Company covering such matters which are relevant to the S&P Agreement and the transactions contemplated thereunder having been obtained;

(6) a business valuation report (in form and substance satisfactory to the Company) to be issued by the Independent Valuer nominated by the Company indicating the fair value of the Target Group being assessed under discounted cashflow approach to be not less than RMB370,000,000 having been obtained; and

(7) all statements, guarantee and warranties given by the Vendor under the S&P Agreement remaining true and accurate and not misleading from the date of the S&P Agreement.

The Company may at any time waive conditions (1) and (7) as stated above while the other conditions cannot be waived by any parties to the S&P Agreement. If any of the conditions set out above is not fulfilled or, as the case may be, waived by the Company on or before the Long Stop Date, then the obligations of the parties to the S&P Agreement shall cease and terminate and neither party shall have any claim under the S&P Agreement against the other save for any rights already accrued.

Completion

Completion shall take place on the day of the fulfillment or, as the case may be, waiver of the abovementioned conditions (or such later time as may be agreed between the Company and the Vendor).

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and all the results and assets and liabilities of the Target Group will be consolidated to the financial statements of the Group.

Profit Guarantee

Pursuant to the S&P Agreement, the Vendor has irrevocably warranted and guaranteed to the Company that the 2017 EBITDA will not be less than RMB30,000,000. In order to secure the Profit Guarantee provided by the Vendor, the Company shall escrow the original share certificate(s) of the Subscription Shares upon the full exercise of subscription rights attached to the Warrants by Ping Da Development.

In the event that the actual 2017 EBITDA showing on the Profit Certificate equals to or more than RMB30,000,000, the Company shall release the original share certificate(s) of the Subscription Shares to the Vendor on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor).

In the event that the actual 2017 EBITDA showing on the Profit Certificate is less than RMB30,000,000, the Vendor shall compensate the Company an amount calculated in accordance with the following formula:

$$\text{Compensation} = (\text{Profit Guarantee} - \text{the actual 2017 EBITDA}) \times \frac{\text{Aggregated Consideration}}{\text{Profit Guarantee}}$$

For avoidance of doubt, if the actual 2017 EBITDA records a loss, the actual 2017 EBITDA provided in the above formula shall be set at "0".

In the event that the Vendor has to pay the Compensation to the Company,

(1) the Company shall have the right to offset the Cash Consideration against the Compensation; and

(2) if the offsetting amount as provided in item (1) above is insufficient for offsetting the whole amount of the Compensation, the Company has the right to deliver the original share certificate(s) of the Subscription Shares to a placing agent designated by the Company (the "**Placing Agent**") (who is a licensed securities dealer authorised to carry on type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance), and arrange or procure the Placing Agent to place or dispose in part or in whole of the Subscription Shares at the then reasonable price within five Business Days after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor). The net proceeds from the placing or disposal of the Subscription Shares (the "**Net Proceeds**") shall be used to offset against the Compensation. The number of the Subscription Shares to be placed or disposed of shall be determined by the Company based on its reasonable opinion that whether the Net Proceeds are expected to be sufficient to settle the Compensation. The Vendor has to provide all necessary arrangement to facilitate the placing or disposal in part or in whole of the Subscription Shares.

If the sum of the Cash Consideration and the Net Proceeds is insufficient to offset the whole amount of the Compensation and other reasonable expense incurred, the Vendor undertakes to settle such shortfall by cash on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor). For avoidance of doubt, if the sum of the Cash Consideration and the Net Proceeds is more than the Compensation, the Company shall return the remaining balance to the Vendor after deduction of the Compensation and other reasonable expense on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor). If the Vendor has settled the whole amount of the Compensation pursuant to the terms of the S&P Agreement and the Subscription Shares are not fully placed or disposed of, the Company shall return the remaining balance of the Subscription Shares to the Vendor on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor).

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability on 15 April 2014. The Sale Shares represent the entire issued share capital of the Target Company. As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

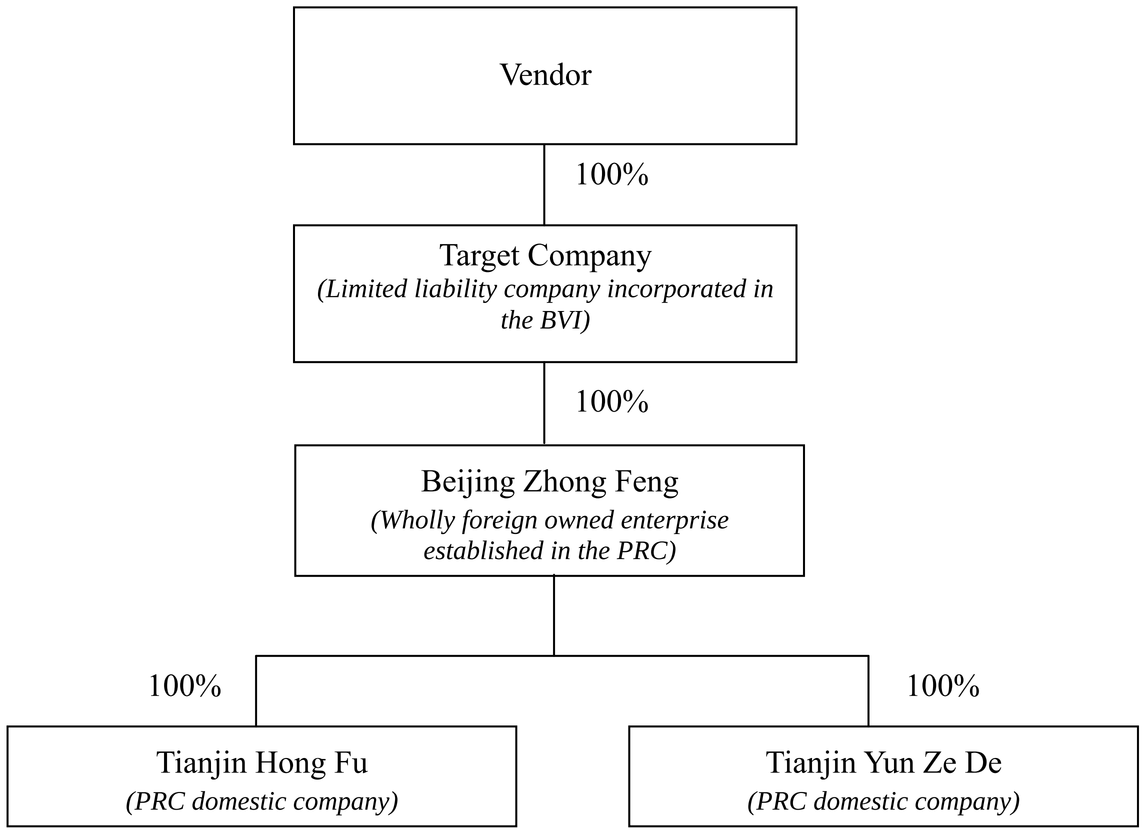
Beijing Zhong Feng is a wholly foreign owned enterprise established in the PRC on 14 August 2014. As at the date of this announcement, Beijing Zhong Feng is wholly-owned by the Target Company and the total registered capital of Beijing Zhong Feng of RMB50,000,000 is unpaid. The business scope of Beijing Zhong Feng is consultancy in social economy (excluding projects subject to administrative approval), investment and corporate management.

Tianjin Hong Fu is a domestic enterprise established in the PRC on 5 July 1999. The total registered capital of Tianjin Hong Fu is RMB18,000,000. As at the date of this announcement, Tianjin Hong Fu is wholly-owned by Beijing Zhong Feng. Tianjin Hong Fu was previously engaged in the business of production of medicine in the form of capsule, tablet, granule and mixture and the production of Sheng Xuan Pai capsule (聖宣牌彼德膠囊) and Sheng Feng Pai Xue Yang Tong Li capsule (聖峰牌雪氧通力膠囊). Recently, Tianjin Hong Fu has discontinued its medicine business and it has planned to pursue in the filling and sale of LPG business in Tianjin City, the PRC.

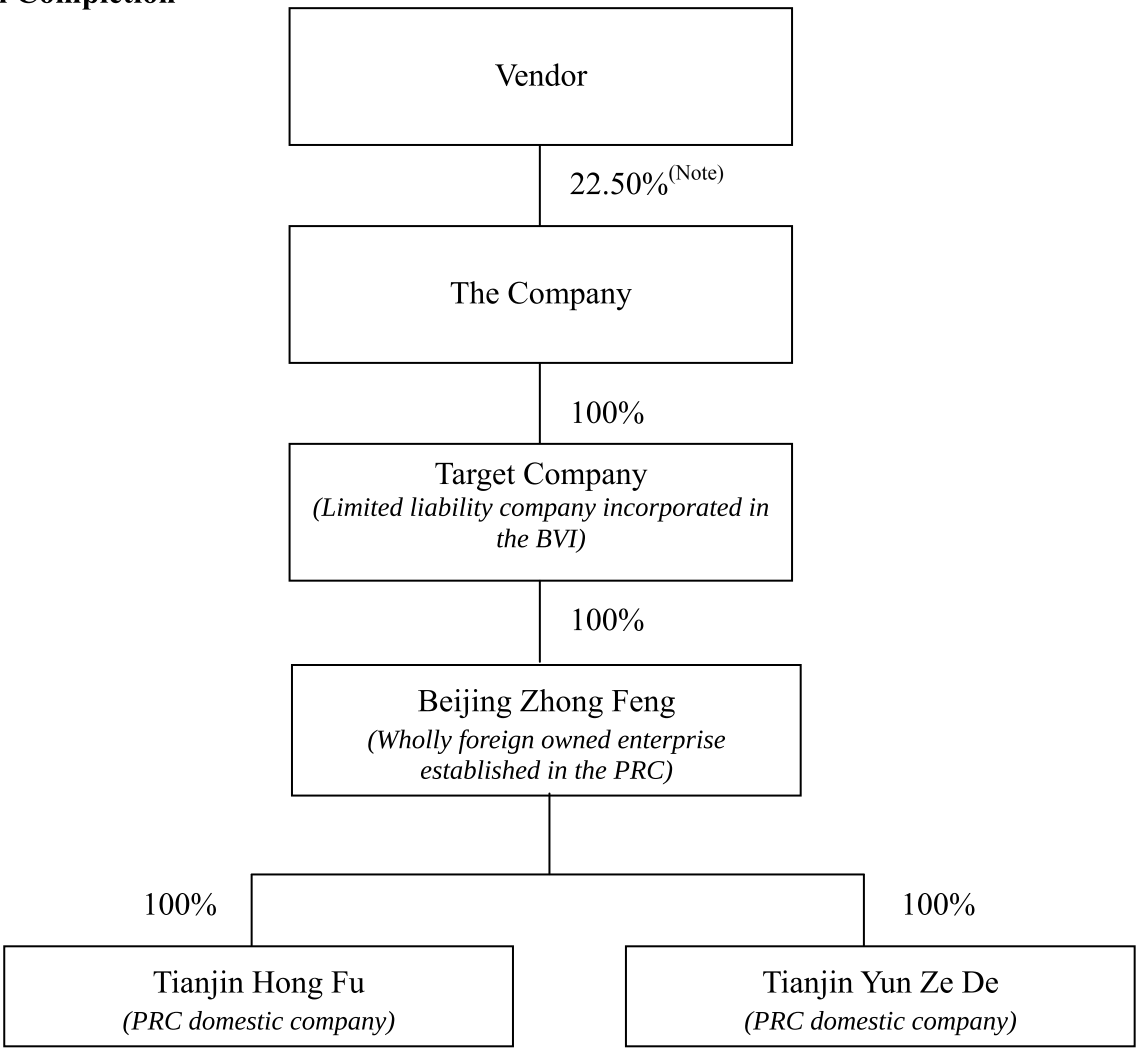
Tianjin Yun Ze De is a domestic enterprise established in the PRC on 27 November 2012. The total registered capital of Tianjin Yun Ze De is RMB3,010,000. As at the date of this announcement, Tianjin Yun Ze De is wholly-owned by Beijing Zhong Feng. Tianjin Yun Ze De is inactive and it has planned to pursue in the production and sale of barreled drinking water and sale of electrical appliances such as water dispenser and water purification systems in Tianjin City, the PRC.

Set out below is the shareholding structure of the Target Group.

As at the date of this announcement



Upon Completion



Note: *Ping Da Development has undertaken, pursuant to the undertaking letter signed by it as at the date of the S&P Agreement, to exercise the subscription rights attached to the 1,135,000,000 Warrants at the subscription price of HK$0.205 per Subscription Share on the Completion Date. Ping Da Development is wholly-owned by the Vendor, and accordingly, the Vendor will beneficially own 1,562,841,375 Shares, representing approximately 22.50% of the issued share capital of the Company as enlarged by the issue of 1,135,000,000 Subscription Shares upon Completion.*

Financial information of the Target Group

Set out below is the key unaudited financial figures of the Target Group for the three years ended 31 December 2013 and the eight months ended 31 August 2014 under the PRC GAAP.

	For the year ended 31 December 2011 *(RMB'000)*	**For the year ended 31 December 2012** *(RMB'000)*	**For the year ended 31 December 2013** *(RMB'000)*	**For the eight months ended 31 August 2014** *(RMB'000)*
Revenue	1,717,000	1,636,000	514,000	44,000
Net profit (loss) (before taxation and extraordinary items)	(623,000)	(2,531,000)	(1,509,000)	517,000
Net profit (loss) (after taxation and extraordinary items)	(630,000)	(2,535,000)	(1,514,000)	516,000
Total assets	10,265,000	11,344,000	8,228,000	9,698,000
Net assets/ (Liabilities)	62,000	527,000	(977,000)	(460,000)

As at the date of the S&P Agreement, the Sale Loan amounted to RMB8,974,043.02.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company 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 lottery agency.

Recently, the Group has recorded a rapid growth in transportation, distribution and retail of LPG business in the PRC, which is a major component of the Group's business and source of revenue. During the year ended 31 March 2014, revenue derived from its LPG business amounted to approximately RMB379.8 million (accounting for approximately 45.6% of the Group's total revenue), representing an annual growth of approximately 7.4% as compared to the previous financial year. Such improvement was mainly attributable to the increase in the sales volume of LPG.

In view of the market potential in the LPG business, the Group has been striving to expand its presence in the LPG business by developing markets such as Xi'an and Tianjin while continuing to expand its existing market in south-western China. In May 2014, the Group acquired from independent third parties the entire equity interests of two companies, namely Tianjin Binhai New District Dagong Anbao Gas Co., Ltd. and Tianjin Baoyuan Taida Gas Co., Ltd., both of which are principally engaged in the wholesale and retail of LPG business in Tianjin City.

Tianjin Hong Fu has planned to pursue in the filling and sale of LPG business. On 1 August 2014, Tianjin Hong Fu received the administration approval (the "**Approval**") from the Development and Reform Commission of Wuqing District in Tianjin City (天津市武清區發展改革委員會) in respect of its application for the expansion of production site, warehouse, office and ancillary area and purchase and establishment of LPG boiler and LPG storage cylinder within its self-owned land parcel (the "**Land Parcel**") located in Dagaokou Cun, Cao Zi Li Zhen, Wuqing District, Tianjin City (天津市武清區曹子里鎮大高口村). In the first expansion phase, a LPG storage and distribution station of 450 m^3 will be built which will bring approximately 20,000 tons to 30,000 tons LPG filling capacity per annum and is expected to commence operation in the second half of 2015. In the second expansion phase, an automatic LPG filling facilities will be set up which will bring an addition of approximately 80,000 tons LPG filling capacity per annum and is expected to commence operation in the second half of 2017. After the completion of these two phases, the LPG filling capacity of Tianjin Hong Fu will reach to approximately 100,000 tons per annum. Equipped with the storage and distribution station, Tianjin Hong Fu can participate in the wholesale and retail of LPG business with a target to serve for the local residential, commercial and industrial use in Tianjin City.

In addition, Tianjin Hong Fu possesses a water drawing permit (取水許可證) allowing it to draw a maximum of 40,000 m^3 underground water per annum within the Land Parcel. Tianjin Yun Ze De has planned to pursue in the production and sale of barreled drinking water and sale of electrical appliances such as water dispenser and water purification systems in Tianjin City. As at the date of this announcement, Tianjin Yun Ze De is in the process of applying the food manufacturing permit for the production of barreled drinking water. A water factory will be built on the Land Parcel and it is expected that the production of barreled drinking water will commence in the second half of 2015. Tianjin Yun Ze De also plans to act as sales agent for other brands of barreled drinking water. Leveraging on the LPG distribution network of Tianjin Hong Fu, Tianjin Yun Ze De can distribute the barreled drinking water in Tianjin City through the same distribution network.

Based on the preliminary market research of the Company, the local regulatory body of Tianjin City requires newly-built LPG storage cylinder to be built on self-owned land parcel. Having considered that (i) Tianjin Hong Fu received the Approval for the establishment of LPG storage and distribution station on the Land Parcel; (ii) Tianjin Hong Fu possesses a water drawing permit allowing it to draw at a maximum of 40,000 m^3 underground water per annum; and (iii) the penetration and distribution of barreled drinking water can strategically be done through the same distribution network of LPG business, the Directors consider the Acquisition represents a good opportunity for the Group to tap into the wholesale and retail of LPG business and barreled drinking water business in Tianjin City.

Therefore, 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 New Spring Capital Limited, the independent financial adviser appointed by the Company for the purpose of the Acquisition) consider that the Acquisition is beneficial to the Group.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has an authorised share capital of HK$560,000,000 divided into 7,999,999,999 Shares and an issued share capital of HK$406,696,790 divided into 5,809,954,136 Shares.

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the full exercise of the subscription rights attached to the Warrants are as follows:

Shareholders	**As at the date of this announcement**		**Immediately after the full exercise of the subscription rights attached to the Warrants**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
The Vendor [Note 1]	427,841,375	7.36	427,841,375	6.16
Ping Da Development	-	-	1,135,000,000	16.34
Sub-total for the Vendor and its concert parties	*427,841,375*	*7.36*	*1,562,841,375*	*22.50*
Yongheng Development Corporation Limited [Note 2]	1,727,729,582	29.74	1,727,729,582	24.88
Mr. Yeung Paak Ching [Note 3]	600,000	0.01	600,000	0.01
Mr. Zhang Hesheng [Note 1]	227,138,793	3.91	227,138,793	3.27
Mr. Chu Kin Wang Peleus [Note1 & 4]	9,840,000	0.17	9,840,000	0.14
Public Shareholders	3,416,804,386	58.81	3,416,804,386	49.20
	-----------------	----------	-----------------	----------
Total	**5,809,954,136**	**100.00**	**6,944,954,136**	**100.00**
	==========	======	==========	======

Notes:

1. *The Vendor, Mr. Zhang Hesheng and Mr. Chu Kin Wang Peleus are Directors.*
2. *The entire issued share capital are currently held and dealt with by the escrow agent in accordance with the settlement arrangement as stipulated in a settlement deed dated 8 April 2013 (as supplemented by a supplemental settlement deed dated 16 May 2013) both entered into between the Company and Yongheng Development Corporation Limited, details of which are disclosed in the circular of the Company dated 8 July 2013.*
3. *This represents interest beneficially held by Mr. Yeung Paak Ching, who is a director of certain subsidiaries of the Group.*
4. *This represents interests legally and beneficially held by his spouse.*

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules. Besides, given that as at the date of this announcement, the Vendor is the chairman of the Board, an executive Director and a Shareholder holding (i) 427,841,375 Shares, representing approximately 7.36% of the issued share capital of the Company; and (ii) 1,135,000,000 Warrants through Ping Da Development, the Vendor is therefore considered as a connected person (as defined in the Listing Rules) to the Company. Accordingly, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. The Vendor and his associates are regarded as having material interest in the Acquisition and therefore they are required to abstain from voting on the resolution proposed to be passed at the SGM for approving the Acquisition and the transactions contemplated under the S&P Agreement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The IBC has been established to advise the Independent Shareholders in respect of the Acquisition and the transactions contemplated under the S&P Agreement. None of the members of the IBC has any material interest in the Acquisition and the transactions contemplated under the S&P Agreement.

The Company has appointed New Spring Capital Limited as the independent financial adviser to advise the IBC and the Independent Shareholders in respect of the Acquisition and the transactions contemplated under the S&P Agreement.

GENERAL

The Company will convene the SGM for the Independent Shareholders to consider and, if thought fit, approve by way of poll, the Acquisition and the transactions contemplated under the S&P Agreement.

As additional time is required to prepare and finalise certain information to be included in the circular, which contains, among other things, (i) further information on the Acquisition; (ii) the recommendation of the IBC to the Independent Shareholders; (iii) the advice from New Spring Capital Limited, the independent financial adviser to the IBC and the Independent Shareholders; (iv) the accountants' report of the Target Group; (v) the business valuation report of the Target Group prepared by the Independent Valuer; and (vi) a notice of SGM, it is expected the circular will be despatched to the Shareholders on or before 30 September 2014.

As Completion is subject to fulfilment of certain conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

"2017 EBITDA"	the audited consolidated profit or loss before interest, taxes, depreciation and amortisation of the Target Group for the year ending 31 March 2017 as shown in the audited financial statements of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards and substantially the same as the accounting standards and principles adopted by the Company for preparation of its accounts
"Acquisition"	the acquisition by the Company of the Sale Shares and the Sale Loan pursuant to the S&P Agreement
"Aggregated Consideration"	the aggregated consideration for the Acquisition of RMB370,000,000 (equivalent to HK$466,612,550)

"associate(s)"	shall have the same meaning as ascribed to it under the Listing Rules
"Beijing Zhong Feng"	Beijing Civigas Zhong Feng Investment Consultancy Limited* (北京中民忠鋒投資諮詢有限公司), a wholly foreign owned enterprise established in the PRC, which is wholly-owned by the Target Company
"Board"	the board of Directors
"Business Day"	any day (other than Saturdays, Sundays and public holidays) on which commercial banks in Hong Kong are open to the public
"BVI"	British Virgin Islands
"Company"	Chinese People Holdings Company Limited (中民控股有限公司), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"Compensation"	the amount to be compensated by the Vendor to the Company in the event that the actual 2017 EBITDA showing on the Profit Certificate is less than RMB30,000,000, the calculation of which is set out in the paragraph headed "*Profit Guarantee*"
"Completion"	completion of the Acquisition contemplated under the S&P Agreement in accordance with its terms and conditions
"Completion Date"	the date on which Completion occurs
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency in Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IBC"	the independent board committee comprising Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man, being all the independent non-executive Directors, appointed by the Board for the purpose of advising the Independent Shareholders in relation to the Acquisition and the transactions contemplated under the S&P Agreement
"Independent Shareholder(s)"	any Shareholder(s) that is not required to abstain from voting at the SGM to approve the Acquisition and the S&P Agreement

"Independent Valuer"	Grant Sherman Appraisal Limited, an independent professional valuer nominated by the Company for the purpose of the Acquisition
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 October 2014, or such later date as the Vendor and the Company may mutually agree
"m^3"	cubic metres
"Ping Da Development"	Ping Da Development Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by the Vendor
"PRC"	the People's Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Companies"	Beijing Zhong Feng, Tianjin Hong Fu and Tianjin Yun Ze De
"Profit Certificate"	the written certificate to be issued by the auditor showing the actual 2017 EBITDA
"Profit Guarantee"	the guarantee given by the Vendor to the Company that the 2017 EBITDA shall be not less than RMB30,000,000
"RMB"	Renminbi, the lawful currency in the PRC
"Sale Loan"	the debt, loan or liability due from the Target Company to the Vendor (if any) as at the Completion Date
"Sale Shares"	100 shares of US$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the S&P Agreement
"SGM"	the special general meeting of the Company to be convened and held to consider and approve, among other things, the Acquisition and the transactions contemplated under the S&P Agreement
"Share(s)"	ordinary share(s) of HK$0.07 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Shares"	up to 1,135,000,000 new Shares (subject to adjustment) to be allotted and issued by the Company upon the exercise by Ping Da Development of the subscription rights attached to the Warrants
"S&P Agreement"	the sale and purchase agreement in relation to the Acquisition dated 5 September 2014 (after trading hours) entered into between the Vendor and the Company
"Target Company"	True Vanguard Holdings Limited (忠鋒控股有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by the Vendor as at the date of the S&P Agreement
"Target Group"	comprising the Target Company, Beijing Zhong Feng, Tianjin Hong Fu and Tianjin Yun Ze De as at the date of the S&P Agreement
"Tianjin Hong Fu"	Tianjin Hong Fu Pharmaceutical Limited* (天津洪福藥業有限公司), a domestic enterprise established in the PRC, which is wholly owned by Beijing Zhong Feng
"Tianjin Yun Ze De"	Tianjin Yun Ze De Biotechnology Limited* (天津市雲澤德生物科技有限公司), a domestic enterprise established in the PRC, which is wholly owned by Beijing Zhong Feng
"US$"	United States dollars, the lawful currency in the United States of America
"Vendor"	Dr. Mo Shikang, the chairman of the Board, an executive Director and a Shareholder
"Warrant(s)"	the 1,135,000,000 unlisted warrant(s) issued by the Company to Ping Da Development on 31 July 2013
"%"	per cent.

** If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this announcement and their English translations, the Chinese version shall prevail.*

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

Beijing, 5 September 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.