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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)

FURTHER ANNOUNCEMENT MAJOR AND CONNECTED TRANSACTION

Reference is made to the announcement (the “**Announcement**”) of Chinese People Holdings Company Limited (the “**Company**”) dated 5 September 2014. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to provide further information in relation to the preliminary business valuation of the fair value of the Target Group. The preliminary business valuation carried out by the Independent Valuer under discounted cashflow approach as at 31 August 2014 is regarded as a profit forecast under Rule 14.61 of the Listing Rules and is arrived at based on the following assumptions:

- (i) the Target Group will successfully obtain and renew all the necessary licenses for the on-going operation of LPG business and barreled drinking water business;
- (ii) the underground water reserve will be sufficient for the on-going operation of barreled drinking water business;
- (iii) the quality of the underground water will be suitable for the production of barreled drinking water;
- (iv) all approvals, licenses and contractual agreements with respect to the Target Group and its operations are legal, valid and will be enforceable in accordance with the legal terms;
- (v) there will be no major changes in the existing political, legal, fiscal and economic conditions in the PRC in which the Target Group carries on its businesses;
- (vi) there will be no major changes in the current taxation law in the PRC, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;
- (vii) exchange rates, inflation rates and interest rates will not differ materially from those presently prevailing;
- (viii) the availability of finance will not be a constraint on the forecast growth of the Target Group’s operations and the repayment of its debts when they fall due;
- (ix) the Target Group will successfully maintain its competitiveness and market share through optimising the utilisation of its production capacity and expanding its customer base;
- (x) the Target Group can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;

- (xi) the Target Group have and will retain competent management, key personnel, and technical staff to support their ongoing operations;
- (xii) any management changes or changes in ownership of the Target Group in the future will not have adverse effects on the long term profitability of its operations;
- (xiii) industry trends and market conditions for related industries will not deviate materially from economic forecasts;
- (vxi) the labor market conditions will not differ materially from those presently prevailing; and
- (xv) the financial projection of the Target Group has been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the management.

The Board wishes to further clarify that due to inadvertent clerical errors, the unit of the financial figures and the amount of total assets as at 31 August 2014 under the paragraph headed “***Financial information of the Target Group***” in the Announcement were mistakenly stated. The whole paragraph should read as follow where the amendments are underlined:

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	For the year ended 31 December 2012	For the year ended 31 December 2013	For the eight months ended 31 August 2014
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
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	<u>9,205,000</u>
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.

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

Beijing, 8 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.