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CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

TRANSFER OF PREFERRED SHARES AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the Announcement and the Circular. On 15 September 2011, the Purchasers, the Vendors and the Guarantors entered into the Deed, pursuant to which the Vendors conditionally agreed to transfer the Subject Preferred Shares to the Purchasers.

Each of the Purchasers, being an associate of Mr. Cheng, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules by virtue of the fact that each of the them are wholly and beneficially owned by Mr. Cheng and Mr. Cheng is an executive Director and a director of the EJV, an indirect non-wholly-owned subsidiary of the Company. Accordingly, the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval to approve the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares at the SGM.

GENERAL

A circular containing, among other matters, (i) details of the Subject Preferred Shares; (ii) a letter from the independent committee of the Board setting out its recommendations to the Independent Shareholders in connection with the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares; (iii) a letter from an independent financial adviser containing its advice to the independent committee of the Board and the Independent Shareholders in connection with the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares; (iv) further information of the Group; and (v) the notice of the SGM, will be despatched to the Shareholders on or before 7 October 2011.

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among others, the 2008 VSA. As set out therein, the Subject Preferred Shares will be allotted and issued to the Vendors by the Company as part of the consideration for the 2008 VSA.

On 15 September 2011, the Purchasers, the Vendors and the Guarantors entered into the Deed, pursuant to which the Vendors conditionally agreed to transfer the Subject Preferred Shares to the Purchasers.

TRANSFER OF THE SUBJECT PREFERRED SHARES

The major terms of the Deed are set out below.

Date

15 September 2011

Parties

Purchasers: (i) Metro Factor Limited (wholly and beneficially owned by Mr. Cheng)
(ii) Top Blast Limited (wholly and beneficially owned by Mr. Cheng)
(iii) Global Vector Limited (wholly and beneficially owned by Mr. Cheng)

Vendors: (i) Master Top Investments Limited (wholly and beneficially owned by Mr. Ho Wai Kong);
(ii) Mega Step Investments Limited (wholly and beneficially owned by Mr. Lu Xing);
(iii) Favor Mind Holdings Limited (wholly and beneficially owned by Mr. Wang Dingbo); and
(iv) Magical Power Investments Limited (wholly and beneficially owned by Ms. Siu Fung)

Guarantors: (i) Mr. Ho Wai Kong;
(ii) Mr. Lu Xing;
(iii) Mr. Wang Dingbo; and
(iv) Ms. Siu Fung

Subject matter

Pursuant to the Deed, the Purchasers have conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of the Subject Preferred Shares as follows:

| Purchaser | Vendor | Number of Subject Preferred Shares to be transferred to the Purchaser |
|-----------------------|-----------------------------------|--|
| Metro Factor Limited | Master Top Investments Limited | 1,200,000,000 |
| Top Blast Limited | Master Top Investments Limited | 754,280,000 |
| Global Vector Limited | Mega Step Investments Limited | 592,360,000 |
| Top Blast Limited | Favor Mind Holdings Limited | 800,000,000 |
| Top Blast Limited | Magical Power Investments Limited | 200,000,000 |

The principal terms of the Subject Preferred Shares, which were set out in the Announcement and the Circular, remain the same.

Consideration

Pursuant to the Deed, the Purchasers agreed to pay the aggregate sum of HK\$5 as Consideration to the Vendors in cash upon execution of the Deed in the following manner:

| Purchaser | Vendor | Consideration |
|-----------------------|-----------------------------------|----------------------|
| Metro Factor Limited | Master Top Investments Limited | HK\$1 |
| Top Blast Limited | Master Top Investments Limited | HK\$1 |
| Global Vector Limited | Mega Step Investments Limited | HK\$1 |
| Top Blast Limited | Favor Mind Holdings Limited | HK\$1 |
| Top Blast Limited | Magical Power Investments Limited | HK\$1 |

The Consideration was determined after arm's length negotiations between the Purchasers, the Vendors and the Guarantors, having taken into account Mr. Cheng's experience in developing procurement information platforms and strong business network in the PRC which the Vendors and the Guarantors believed, would be beneficial to the development of the Group as a whole.

Condition precedent and completion

Completion is subject to the passing by the Independent Shareholders (who are eligible to vote) at the SGM with an ordinary resolution approving the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares to the Purchasers.

The condition precedent to the Deed set out above cannot be waived by any party to the Deed. Completion of the Transfer will take place upon the allotment and issue of the Subject Preferred Shares by the Company.

REASONS FOR THE TRANSFER

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of procurement services to general public and government in the PRC.

In the light of Mr. Cheng's experience in developing procurement information platforms and strong business network in the PRC, the Directors believe that Mr. Cheng's advice will be instrumental to the development of the Group and should benefit the Group's long term development and business expansion. The Directors believe that it is in the interests of the Group to have Mr. Cheng as a holder of equity interests of the Company and consider that the transfer of the Subject Preferred Shares from the Vendors to the Purchasers (all being companies wholly and beneficially owned by Mr. Cheng) and the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares would be in the interests of the Group and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors whose view will be formed after considering the advice and recommendation of the independent financial adviser) consider that the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares are fair and reasonable and are on normal commercial terms and that they are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Each of the Purchasers, being an associate of Mr. Cheng, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules by virtue of the fact that each of them are wholly and beneficially owned by Mr. Cheng and Mr. Cheng is an executive Director and a director of the EJY, an indirect non-wholly-owned subsidiary of the Company. Accordingly, the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

GENERAL

The Company will seek the Independent Shareholders' approval to approve the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares at the SGM. The Purchasers and their associates will abstain from voting on the resolution(s) approving the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares which will be proposed at the SGM. To the best knowledge, information and belief of the Directors, none of the persons who are required to abstain from voting at the SGM is holding any Shares in the Company as at the date of this announcement.

A circular containing, among other matters, (i) details of the Subject Preferred Shares; (ii) a letter from the independent committee of the Board setting out its recommendations to the Independent Shareholders in connection with the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares; (iii) a letter from an independent financial adviser containing its advice to the independent committee of the Board and the Independent Shareholders in connection with the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares; (iv) further information of the Group; and (v) the notice of the SGM, will be despatched to the Shareholders on or before 7 October 2011.

DEFINITIONS

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| “2008 VSA” | the very substantial acquisition in relation to the acquisition of Hero Joy International Limited by the Group as set out in the Announcement and the Circular |
| “Announcement” | the announcement of the Company dated 6 October 2008 in relation to, among others, the 2008 VSA |
| “associates” | has the meaning ascribed thereto in the Listing Rules |
| “Board” | the board of Directors |
| “business day” | a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning number 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business |
| “BVI” | the British Virgin Islands |

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| “Circular” | the circular of the Company dated 16 January 2009 in relation to, among others, the 2008 VSA |
| “Company” | China Public Procurement Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange |
| “connected persons” | has the meaning ascribed thereto in the Listing Rules |
| “Consideration” | the aggregate consideration for the Transfer |
| “Deed” | the deed of sale and purchase dated 15 September 2011 entered into between the Purchasers, the Vendors and the Guarantors in respect of the Transfer |
| “Directors” | directors of the Company |
| “EJV” | 國采（北京）技術有限公司 (Guocai (Beijing) Technology Company Limited*), a Chinese foreign equity joint venture company established under the PRC laws and an indirect non-wholly-owned subsidiary of the Company |
| “Group” | the Company and its subsidiaries |
| “Guarantors” | together, (i) Mr. Ho Wai Kong; (ii) Mr. Lu Xing; (iii) Mr. Wang Dingbo; and (iv) Ms. Siu Fung being the beneficial owner of each of the Vendors respectively |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Shareholders” | Shareholders, other than the Purchasers and their associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Cheng” | Mr. Cheng Yuanzhong (程遠忠), an executive Director and a director of the EJV |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Purchasers” | together, (i) Metro Factor Limited (wholly and beneficially owned by Mr. Cheng) |

- (ii) Top Blast Limited (wholly and beneficially owned by Mr. Cheng)
- (iii) Global Vector Limited (wholly and beneficially owned by Mr. Cheng)

all incorporated in the BVI and being the purchasers under the Deed

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| “SGM” | the special general meeting of the Company to be convened to consider and, if thought fit, approve the allotment and issue of the ordinary Shares upon conversion of the Subject Preferred Shares to the Purchasers |
| “Share(s)” | existing ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subject Preferred Shares” | an aggregate of 3,546,640,000 preferred shares to be allotted and issued by the Company to the Vendors as part of the consideration pursuant to the 2008 VSA |
| “Transfer” | the transfer of the Subject Preferred Shares under the Deed |
| “Vendors” | together, <ul style="list-style-type: none">(i) Master Top Investments Limited (wholly and beneficially held by Mr. Ho Wai Kong);(ii) Mega Step Investments Limited (wholly and beneficially held by Mr. Lu Xing);(iii) Favor Mind Holdings Limited (wholly and beneficially held by Mr. Wang Dingbo); and(iv) Magical Power Investments Limited (wholly and beneficially held by Ms. Siu Fung) all incorporated in the BVI and being the vendors under the Deed |
| “HK\$” | Hong Kong dollars |
| “%” | per cent. |

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Ho Wai Kong
Chairman

Hong Kong, 15 September 2011

At the date of this announcement, the Company comprises five executive Directors, Mr. Ho Wai Kong (Chairman), Mr. Cheng Yuanzhong (Vice Chairman) Mr. Lu Xing, Mr. Wu Xiaodong and Mr. Li Junjie; two non-executive Directors, Ms. Cheng Zhuo and Mr. Wang Ning; and three independent non-executive Directors, Mr. Chan Tze See, Kevin, Mr. Chen Bojie and Mr. Wu Fred Fong.