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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)

GRANT OF AWARD SHARES AND CONNECTED TRANSACTIONS

The Board announces that the Board had resolved to grant a total of 208,000,000 Award Shares to certain individuals. The Award Shares, represent (i) approximately 2.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Award Shares.

As each of Mr. Zhang, Mr. Chu, Mr. Fan, Mr. Jin, Dr. Liu, Prof. Zhao and Mr. Sin are connected person of the Company, the grant of Award Shares to the Connected Grantees constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and will be subject to reporting, announcement and Independent Shareholders' approval requirements.

The grant of Award Shares to the Non-connected Grantees is subject to, among others, the approval by the Shareholders at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolutions to be convened and held at which relevant resolutions to approve the grant of Award Shares and the transactions contemplated thereunder, including the allotment and issue of the Award Shares under the Specific Mandate.

As at the date of this announcement, each of Mr. Zhang, Mr. Chu, Mr. Tse, Mr. Li, Mr. Bian and Mr. Liu is interested in 323,271,282 Shares, 14,004,605 Shares, 128,465 Shares, 19,030,449 Shares, 10,481,915 Shares and 1,183,206 Shares respectively. Save as disclosed above, the Grantees do not have interest in any Shares. Each of the Grantees and their respective associates (to the extent they have an existing interest in the Shares) is required to abstain from voting on the resolution relating to the grant of Award Shares to each of them at the SGM. Each of the Connected Grantees has abstained from voting on the resolution relating to the grant of Award Shares to each of them at the Board meeting.

A circular containing, among other matters, further details of the grant of Award Shares to the Grantees, the letter from Innovax Capital, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders and a notice to convene the SGM will be despatched to the Shareholders within 21 days of the date of this announcement in compliance with the Listing Rules.

Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the grant of Award Shares to the Connected Grantees. The Company has appointed Innovax Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regards.

The Board announces that the Board had resolved to grant a total of 208,000,000 Award Shares to certain individuals. Details of the Award Shares granted are set out below:

GRANT OF AWARD SHARES

The key terms of the proposed grant of Award Shares are set out below:

- | | | |
|--------------------------------------|---|--|
| Date of grant | : | 27 July 2016 |
| Total number of Award Shares granted | : | 208,000,000 Award Shares, represent (i) approximately 2.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Award Shares. |
| Subscription Price | : | As the Award Shares are to be issued as award, a nominal sum of HK\$1 will be payable by each of the Grantees. |
| Value of Award Shares | : | HK\$23,920,000 in aggregate (calculated based on the closing price of the Shares of HK\$0.115 on the date of this announcement). |
| Conditions precedent | : | The grant of the Award Shares are conditional upon the following:

1) the passing of the necessary resolutions by Independent Shareholders (for the Connected Grantees) or Shareholders (for the Non-connected Grantees) in a general meeting of the Company approving the grant of the Award Shares and the transactions contemplated thereunder; and |

2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Award Shares.

Lock up period : From the Issue Date to the date falling six months after the Issue Date (both dates inclusive) (the “**First Six-month Period**”), each of the Grantees shall not transfer or dispose of the Award Shares held by each of them.

From the day next immediately after the First Six-month Period to the date falling twelve months after the Issue Date (both dates inclusive), each of the Grantees shall not transfer or dispose of 50% of the Award Shares held by each of them.

Return of Award Shares : If a Grantee resigns or terminates his/her employment within the six months after the Issue Date, such Grantee shall return the Award Shares to the Company and the Company shall procure to sell such Award Shares within 14 days and the proceeds from the sale of such Award Shares shall be retained by the Company.

Application for listing : Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Award Shares.

Specific Mandate : The Award Shares shall be allotted and issued under the Specific Mandate to be granted to the Directors at the SGM. The issue price of such new Award Shares shall be at the nominal value of the Shares.

Grantees

Name of Grantee	Positions held at the Company/Group	Number of Award Shares granted	Value of Award Shares (<i>Note</i>) HK\$
<i>Connected Grantees</i>			
Mr. Zhang	Deputy chairman and executive Director	15,000,000	1,725,000
Mr. Chu	Deputy chairman and executive Director	69,000,000	7,935,000
Mr. Fan	Managing Director and executive Director	22,000,000	2,530,000
Mr. Jin	Non-executive Director	20,000,000	2,300,000
Dr. Liu	Independent non-executive Director	5,000,000	575,000
Prof. Zhao	Independent non-executive Director	5,000,000	575,000
Mr. Sin	Independent non-executive Director	5,000,000	575,000
		<u>141,000,000</u>	<u>16,215,000</u>
<i>Non-connected Grantees</i>			
Mr. Tse	Financial Controller	17,000,000	1,955,000
Ms. Li	Company secretary	10,000,000	1,150,000
Mr. Li	Chief operation officer of the Group	10,000,000	1,150,000
Mr. Liu	Assistant to Managing Director of the Group	12,000,000	1,380,000
Mr. Bian	Assistant to Managing Director of the Group	12,000,000	1,380,000
Ms. Yu	Chief Information Officer of the Group	5,000,000	575,000
Mr. Yang	Deputy manager of investment banking department of the Group	1,000,000	115,000
		<u>67,000,000</u>	<u>7,705,000</u>
Total:		<u>208,000,000</u>	<u>23,920,000</u>

Note:

The value of the Award Shares was calculated based on the closing price of the Shares of HK\$0.115 on the date of this announcement.

The Grantees are Directors and senior management of the Group. The Grantees were selected based on their position and responsibilities at the Group. The Board considers that the Grantees are important for the continual operation and development of the Group and proposed to grant the Award Shares as incentives to the Grantees to retain them at the Group.

REASONS FOR AND BENEFITS OF THE GRANT OF AWARD SHARES

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

The proposed grant of the Award Shares is to align the interest of selected senior executives of the Group with the long-term performance of the Group and provide an additional form of reward to the Grantees. The number of Award Shares is determined by the Board after taking into consideration factors such as market practices, years of service, role and responsibilities as well as the annual Directors' fee or salary. The Board (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 Innovax Capital, the independent financial adviser) is of the view that the terms of grant of the Award Shares are fair and reasonable and in the interests of the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Award Shares.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of Award Shares	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
Dr. Mo Shikang	1,743,917,695	25.11	1,743,917,695	24.38
Mr. Zhang	323,271,282	4.65	338,271,282	4.73
Mr. Chu	14,004,605	0.20	83,004,605	1.16
Mr. Fan	-	-	22,000,000	0.31
Mr. Jin	-	-	20,000,000	0.28
Dr. Liu	-	-	5,000,000	0.07
Prof. Zhao	-	-	5,000,000	0.07
Mr. Sin	-	-	5,000,000	0.07
<i>Public Shareholders</i>				
Non-connected Grantees	30,824,035	0.44	97,824,035	1.37
Other public Shareholders	4,832,936,519	69.60	4,832,936,519	67.56
Total	6,944,954,136	100.00	7,152,954,136	100.00

LISTING RULES IMPLICATIONS

As each of Mr. Zhang, Mr. Chu, Mr. Fan, Mr. Jin, Dr. Liu, Prof. Zhao and Mr. Sin are connected person of the Company, the grant of Award Shares to the Connected Grantees constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and will be subject to reporting, announcement and Independent Shareholders' approval requirements.

The grant of Award Shares to the Non-connected Grantees is subject to, among others, the approval by the Shareholders at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolutions to be convened and held at which relevant resolutions to approve the grant of Award Shares and the transactions contemplated thereunder, including the allotment and issue of the Award Shares under the Specific Mandate.

As at the date of this announcement, each of Mr. Zhang, Mr. Chu, Mr. Tse, Mr. Li, Mr. Bian and Mr. Liu is interested in 323,271,282 Shares, 14,004,605 Shares, 128,465 Shares, 19,030,449 Shares, 10,481,915 Shares and 1,183,206 Shares respectively. Save as disclosed above, the Grantees do not have interest in any Shares. Each of the Grantees and their respective associates (to the extent they have an existing interest in the Shares) is required to abstain from voting on the resolution relating to the grant of Award Shares to each of them at the SGM. Each of the Connected Grantees has abstained from voting on the resolution relating to the grant of Award Shares to each of them at the Board meeting.

A circular containing, among other matters, further details of the grant of Award Shares to the Grantees, the letter from Innovax Capital, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders and a notice to convene the SGM will be despatched to the Shareholders within 21 days of the date of this announcement in compliance with the Listing Rules.

Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the grant of Award Shares to the Connected Grantees. The Company has appointed Innovax Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regards.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Award Shares”	208,000,000 new Shares to be granted to the Grantees
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong
“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
“Connected Grantees”	Mr. Zhang, Mr. Chu, Mr. Fan, Mr. Jin, Dr. Liu, Prof. Zhao and Mr. Sin, being connected persons of the Company and the grantees of the Award Shares
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“Dr. Liu”	Dr. Liu Junmin, an independent non-executive Director
“Grantees”	the Connected Grantees and the Non-connected Grantees
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, which will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the grant of Award Shares to the Connected Grantees
“Independent Shareholders”	Shareholders which are not required to abstain from voting at the general meeting to approve a connected transaction
“Innovax Capital”	Innovax Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Issue Date”	the date of issue of Award Shares

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas
“Mr. Bian”	Mr. Bian Luming, an assistant to managing director of the Group
“Mr. Chu”	Mr. Chu Kin Wang Peleus, a deputy chairman and an executive Director
“Mr. Fan”	Mr. Fan Fangyi, the managing Director and an executive Director
“Mr. Jin”	Mr. Jin Song, a non-executive Director
“Mr. Li”	Mr. Li Li, the chief operation officer of the Group
“Mr. Liu”	Mr. Liu Xuanyu, an assistant to managing director of the Group
“Mr. Sin”	Mr. Sin Ka Man, an independent non-executive Director
“Mr. Tse”	Mr. Tse Ting Kwan, the financial controller of the Company
“Mr. Yang”	Mr. Yang Yigui, a deputy manager of investment banking department of the Group
“Ms. Li”	Ms. Li Fun Replen, the company secretary of the Company
“Ms. Yu”	Ms. Yu Qianzi, the chief information officer of the Group
“Prof. Zhao”	Prof. Zhao Yanyun, an independent non-executive Director
“Non-connected Grantees”	Mr. Tse, Ms. Li, Mr. Li, Mr. Liu, Mr. Bian, Ms. Yu and Mr. Yang, being the grantees of the Award Shares
“SGM”	a special general meeting of the Company to be convened and held at which relevant resolutions to approve the grant of Award Shares and the transactions contemplated thereunder, including the allotment and issue of the Award Shares under the Specific Mandate

“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.07 each in the issued share capital of the Company
“Specific Mandate”	the specific mandate to be obtained by the Board from the Independent Shareholders (for the Connected Grantees) and the Shareholder (for the Non-connected Grantees) at the SGM for the allotment and issue of the Award Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Beijing, 27 July 2016

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, one Non-executive Director namely, Mr. Jin Song and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.