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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)

DISCLOSEABLE TRANSACTION:

ACQUISITION OF 39.66% EQUITY INTERESTS IN CHONGQING JINGTONG XIYE

Reference is made to the announcements of the Company dated 12 January 2021, 15 January 2021 and 1 February 2021 in relation to 1) capital injection of 60.34% equity interest in the Chongqing Jingtong Xiye and; 2) provision of financial assistance.

EQUITY TRANSFER AGREEMENT

The Board announces that on 6 April 2022 (after trading hours of the Stock Exchange), Chongqing Xiye (as the Purchaser, an indirectly wholly-owned subsidiary of the Company) and Chongqing Jingtong (as the Seller, a shareholder of Chongqing Jingtong Xiye) entered into the Equity Transfer Agreement, pursuant to which Chongqing Xiye has conditionally agreed to purchase and Chongqing Jingtong has conditionally agreed to sell the 39.66% equity interest in Chongqing Jingtong Xiye which is an indirectly non wholly-own subsidiary of the Company, at the consideration of RMB23,000,000 (“**Acquisition**”).

Upon completion of the Acquisition, Chongqing Xiye will hold 100% of the equity interests in Chongqing Jingtong Xiye, which will become an indirectly wholly-owned subsidiary of the Company.

THE LOAN ASSIGNMENT AGREEMENT

The Board further announces that on 6 April 2022 (after trading hours of the Stock Exchange), Chongqing Xiye (as the Purchaser), Chongqing Jingtong (as the Seller), and Chongqing Jingtong Xiye entered into the Loan Assignment Agreement, pursuant to which (i) a loan was due to Chongqing Jingtong Xiye by Chongqing Jingtong under the Loan Agreement (details of which may refer to the announcement of the Company dated 12 January 2021); and (ii) the Consideration of RMB23,000,000 under the Equity Transfer Agreement will be settled by way of undertaking an equal amount from the loan provided to Chongqing Jingtong under the Loan Agreement by Chongqing Xiye. The loan was due from Chongqing Jingtong to Chongqing Jingtong Xiye and such arrangement of assignment has been agreed by Chongqing Xiye, Chongqing Jingtong and Chongqing Jingtong Xiye to complete the Acquisition.

The completion of the Equity Transfer Agreement and the Loan Assignment Agreement will be took place on or before 30 April 2022 (the “**Completion**”).

INFORMATION ON THE GROUP AND CHONGQING XIYE

The Company acts as an investment holding company. The Group is principally engaged in (i) the piped gas transmission and distribution business including the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, (ii) cylinder gas supply business, (iii) the gas distribution business and (iv) the fast moving consumer goods (“FMCG”) and food ingredients supply business including the operation of chain stores including supermarkets and convenience stores in PRC.

Chongqing Xiye (as the Purchaser) is a company established in PRC with limited liability and an indirectly wholly-owned subsidiary of the Company, which engaged in property investments and operation in Chongqing, China under the Group.

INFORMATION ON CHONGQING JINGTONG XIYE

Chongqing Jingtong Xiye was established on 22 December 2020 and mainly engaged in property investments and operation and other related business in Chongqing, China. As at the date of this announcement, Chongqing Xiye and Chongqing Jingtong held 60.34% and 39.66% equity interests in Chongqing Jingtong Xiye respectively.

The net value of assets of the Chongqing Jingtong Xiye, prepared in accordance with the Hong Kong Financial Reporting Standards was approximately RMB54,801,000 as at 31 December 2021. The Chongqing Jingtong Xiye holds a 50-year right to use the industrial land of 22,098.80 square metres that the property have, with a planned buildable area of 33,148.20 square metres; factories (warehouses) of 3,948.60 square metres and office buildings of 2,960.97 square metres have been developed and factories, warehouses and office buildings of 26,238.63 square metres can be developed on the remaining land; The remaining land has been completely hardened and partially built with steel frame houses, which can currently be used as warehouses, cargo yards or car parks.

REASONS AND BENEFITS FOR THE EQUITY TRANSFER AGREEMENT AND THE LOAN ASSIGNMENT AGREEMENT

The Group plans to establish a supply chain system of FMCG products and fresh food ingredients for outlets in Chongqing. In conjunction with this plan, it is necessary to establish unified sorting and distribution centres for FMCG products distribution warehouse and fresh food ingredients warehouse in the three northern districts of Chongqing, and to arrange a unified information management system and office for centralised processing of a large amount of transaction information, so as to improve management efficiency and create economies of scale. Chongqing Jingtong Xiye holds the property (land parcel) which is conveniently located near the airport and boasts of easy access. Its completed buildings can meet the needs of development of the supply chain of FMCG and fresh food ingredients for outlets in the northern five districts of Chongqing as set out in the Group’s plan (for the next five years). The properties (land parcel) occupies an area of 22,098.80 square metres and has a planning approval of buildable gross floor area of 33,148.20 square metres (currently, Chongqing Jingtong Xiye has just used only approximately 6,909.57 square metres out of the building quota, leaving 26,238.63 square metres of the building quota available for use). In the future, the Group can build additional factories, warehouses and office buildings of approximately 26,238.63 square metres in the properties (land parcel) depending on the needs of its business development. It can fully meet the needs of the Group’s long-term development of its supply chain of FMCG and fresh food for outlets in Chongqing

Upon completion of the Acquisition, Chongqing Xiye will hold 100% of the equity interests in Chongqing Jingtong Xiye, which will become an indirectly wholly-owned subsidiary of the Company that will facilities overall control of the operation of a complete supply chain system of stores, fast-moving consumer goods and fresh food ingredients in Chongqing by the Group. Based on the above reasons and benefits, the Equity Transfer Agreement and the Loan Assignment Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Chongqing Jingtong is a shareholder of Chongqing Jingtong Xiye holding 39.66% equity interests in Chongqing Jingtong Xiye. Since the total assets, profits and revenue of Chongqing Jingtong Xiye represents less than (i) 10% of those of the Group since the establishment; and (ii) 5% under the percentage ratios for the latest financial year of the Group. Chongqing Jingtong Xiye is regarded as an “insignificant subsidiary” of the Company under Rule 14A.09 of the Listing Rules and the directors, chief executives, substantial shareholders or supervisors of Chongqing Jingtong Xiye are not regarded as connected persons of the Company under Chapter 14A of the Listing Rules, the transaction contemplated under the Equity Transfer Agreement and the Loan Assignment Agreement does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

However, as one or more of the applicable percentage ratios in respect of the Equity Transfer Agreement and the Loan Assignment Agreement collectively exceeds 5% but is less than 25%, the Equity Transfer Agreement and the Loan Assignment Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

- “Board” : the board of directors of the Company
- “Chongqing Jingtong” or “Seller” : Chongqing Jingtong Industry (Group) Co., Ltd.* (重慶景通實業(集團)有限責任公司), a company established in PRC with limited liability, held 39.66% equity interest in Chongqing Jingtong Xiye as at the date of this announcement
- “Chongqing Jingtong Xiye” : Chongqing Jingtong Xiye Industrial Co., Ltd.* (重慶景通犀野實業有限公司), a company established in PRC with limited liability in 22 December 2020, is an indirectly non wholly-own subsidiary of the Company as at the date of this announcement
- “Chongqing Xiye” or “Purchaser” : Chongqing Xiye Industrial Co., Ltd.* (重慶犀野實業有限公司), a company established in PRC with limited liability and an indirectly wholly-owned subsidiary of the Company, held 60.34% equity interest of Chongqing Jingtong Xiye as at the date of this announcement
- “Company” : Chinese People Holdings Company Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
- “Completion” : completion of the procedures under the Equity Transfer Agreement and the Loan Assignment Agreement
- “connected person(s)” : has the meaning ascribed to this term in the Listing Rules
- “Consideration” : the consideration of RMB23,000,000 for the sale and purchase of 39.66% equity interest in Chongqing Jingtong Xiye payable by the Chongqing Xiye (Purchaser) to Chongqing Jingtong (the Seller)
- “Director(s)” : the director(s) of the Company

“Equity Transfer Agreement”	: on 6 April 2022 (after trading hours of the Stock Exchange), Chongqing Xiye (as the Purchaser), an indirect wholly-owned subsidiary of the Company, and Chongqing Jingtong (as the Seller and a shareholder of the Chongqing Jingtong Xiye) entered into an equity transfer agreement, pursuant to which Chongqing Xiye has conditionally agreed to purchase and Chongqing Jingtong has conditionally agreed to sell the 39.66% equity interest in Chongqing Jingtong Xiye which is an indirectly non wholly-owned subsidiary of the Company, at the consideration of RMB23,000,000.
“Group”	: the Company and its subsidiaries
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	: On 12 January 2021, Chongqing Jingtong Xiye (as the Lender) and Chongqing Jingtong (as the Borrower) entered into a loan agreement to provide the loan in the amount of RMB30,000,000
“Loan Assignment Agreement”	: On 6 April 2022 (after trading hours of the Stock Exchange), Chongqing Xiye (as the Purchaser), Chongqing Jingtong (as the Seller), and Chongqing Jingtong Xiye entered into the Loan Assignment Agreement, pursuant to which (i) a loan was due to Chongqing Jingtong Xiye by Chongqing Jingtong under the Loan Agreement (details of which may refer to the announcement of the Company dated 12 January 2021); and (ii) the Consideration of RMB23,000,000 under the Equity Transfer Agreement will be settled by way of undertaking an equal amount from the loan provided to Chongqing Jingtong under the Loan Agreement by Chongqing Xiye. The loan was due from Chongqing Jingtong to Chongqing Jingtong Xiye and such arrangement of assignment has been agreed by Chongqing Xiye, Chongqing Jingtong and Chongqing Jingtong Xiye to complete the Acquisition
“PRC” or “China”	: the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	: ordinary issued share(s) of HK\$0.07 each in the share capital of the Company
“Shareholder(s)”	: holder(s) of the Share(s)
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“HK\$”	: Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	: Renminbi, the lawful currency of the PRC
“%”	: percentage

* *In this announcement, the English transliteration of the Chinese names, where indicated, are included for identification purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*

By Order of the Board
Chinese People Holdings Company Limited
Mr. Fan Fangyi
Managing Director and Executive Director

Beijing, 6 April 2022

As at the date of this announcement, the Board comprises five Executive Directors namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Fan Fangyi (Managing Director), Miss Mo Yunbi and Ms. Li Fun Replen and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Cheung Chi Ming.