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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER
GENERAL MANDATE**

Reference is made to: (1) the announcement of China Public Procurement Limited (the “**Company**”) dated 5 June 2017 in relation to, among other matters: (a) subscription of new shares of the Company (“**Shares**”) under general mandate; and (b) proposed share consolidation and proposed change in board lot size (the “**Initial Announcement**”); (2) the supplemental announcement of the Company dated 14 June 2017 in relation to the Initial Announcement; and (3) the clarification and update announcement of the Company dated 12 July 2017 in relation to the Initial Announcement (collectively, the “**Announcements**”). Terms defined in the Announcements shall, unless the context requires otherwise, have the same meanings when used in this announcement.

Subscriber is independent notwithstanding relationships with Company and Directors

Further to the statement that “the Subscriber and its ultimate beneficial owners are Independent Third Parties” as disclosed in the Announcements, the Company would like to supplement that: (i) Ms. Lau Kee Kwan (“**Ms. Lau**”), the sole shareholder of the Subscriber, Ms. He Qian (“**Ms. He**”), and an executive Director of the Company, and Mr. Zheng Jinwei, the Chairman and Chief Executive of the Company (“**Mr. Zheng**”), have known each other before the Subscription was contemplated. The Subscription arose when Mr. Zheng introduced the Company to Ms. Lau, and Ms. Lau was interested in investing in the Company; (ii) the Subscription will not be financed directly or indirectly by Ms. He or Mr. Zheng, and neither the Subscriber nor Ms. Lau is accustomed to take instructions from Ms. He or Mr. Zheng in relation to the Subscription; (iii) the Company has an indirect insignificant subsidiary (as defined in Rule 14A.09 of the Listing Rules) of which the Subscriber is an indirect 20% shareholder; (iv) Ms. Lau and Ms. He are both council members of a charity fund; (v) Ms. He is currently an employee of a company of which Ms. Lau is one of the shareholders and directors; and (vi) Ms. Lau was previously the sole shareholder and sole director of a British Virgin Islands (“**BVI**”) company, which in turn wholly-owns a Hong Kong company (currently applying for deregistration). However, in August 2015, Ms. Lau disposed of her entire interest in the BVI company to Ms. He and at the same time resigned as sole director, whilst Ms. He was simultaneously appointed as the sole director of BVI Stride. After that, Ms. Lau has ceased to have any roles or interest in BVI Stride or HK Stride.

Conclusion of Subscriber’s independence under Listing Rules

The relationships described in this announcement do not constitute the Subscriber or Ms. Lau to be a connected person (as defined in Rule 14A.07 of the Listing Rules) of the Company. As such, as at the date of each of the Announcements up to and as at the date of this announcement, each of the Subscriber and Ms. Lau is an Independent Third Party, and the Company confirms that the supplemental information set out in this announcement does not affect the transaction classification and Listing Rules implications in respect of the Subscription set out in the Announcements.

INTRODUCTION

Reference is made to the Announcements. Terms defined in the Announcements shall, unless the context requires otherwise, have the same meanings when used in this announcement.

Subscriber is independent notwithstanding relationships with Company and Directors

Further to the statement that “the Subscriber and its ultimate beneficial owners are Independent Third Parties” as disclosed in the Announcements, the Company would like to provide the supplemental information set out below. The relationships described in this announcement do not constitute the Subscriber or Ms. Lau to be a connected person (as defined in Rule 14A.07 of the Listing Rules) of the Company. As such, as at the date of each of the Announcements up to and as at the date of this announcement, each of the Subscriber and Ms. Lau is an Independent Third Party, and the Company confirms that the supplemental information set out in this announcement does not affect the transaction classification and Listing Rules implications in respect of the Subscription set out in the Announcements. The purpose of this announcement is solely to provide more information to facilitate the Shareholders to gain further understanding of the relationships between the Subscriber and/or Ms. Lau on the one hand, and the Company and/or an executive Director on the other hand.

SUPPLEMENTAL INFORMATION ON PROCESS LEADING UP TO SUBSCRIPTION AND INDEPENDENT SOURCE OF FUNDING

Process leading up to Subscription

Ms. He, Ms. Lau and Mr. Zheng Jinwei have known each other before the Subscription was contemplated. The Subscription arose when Mr. Zheng introduced the Company to Ms. Lau, and Ms. Lau was interested in investing in the Company through her corporate vehicle, being the Subscriber. Ms. He was not involved in the process.

Independent source of funding

The Subscription will not be financed directly or indirectly by Ms. He or Mr. Zheng. Further, neither the Subscriber nor Ms. Lau is accustomed to take instructions from Ms. He or Mr. Zheng in relation to subscription, disposal, voting or other disposition of the Subscription Shares to be registered in the Subscriber's name or otherwise held by the Subscriber.

SUPPLEMENTAL INFORMATION ON SUBSCRIBER'S RELATIONSHIPS WITH COMPANY AND DIRECTORS

Company has an indirect insignificant subsidiary of which the Subscriber is an indirect 20% shareholder

The Company has an indirect PRC subsidiary (the “**Subsidiary**”) which is indirectly held as to 80% by the Company and 20% by the Subscriber. Since the establishment of the Subsidiary in 2014 up to and as at the date of this announcement, the Subsidiary has been dormant and has not had any business operations. Therefore, the Subsidiary's total assets, profits and revenue compared to that of the Group are less than 10% under the percentage ratios for each of the latest three financial years before the Subscription and less than 5% under the percentage ratios for the latest financial year before the Subscription. As such, the Subsidiary falls within the definition of an “insignificant subsidiary” of the Company under Rule 14A.09 of the Listing Rules, and therefore the Subscriber is not considered a connected person (as defined in Rule 14A.07 of the Listing Rules) of the Company by virtue of its indirect 20% interest in the Subsidiary.

Relationships between Ms. Lau, the sole shareholder of the Subscriber, and Ms. He, an executive Director

1. Common positions in charity fund

Ms. He and Ms. Lau are both council members of a PRC charity fund established with the aim of enabling more underprivileged children to be able to receive education by providing them with financial and other support. In addition, Ms. He is also one of the founding members and a supervisor of such PRC charity fund.

2. *Employment relationships*

Ms. He is currently an employee of a company of which Ms. Lau is one of the shareholders and directors.

3. *Past corporate matters*

In March 2014, Ms. Lau established a BVI incorporated company called Stride Forward Limited (“**BVI Stride**”) and became its sole shareholder and sole director. Subsequently in April 2014, BVI Stride, established a Hong Kong incorporated company called Hong Kong Stride Forward Limited (“**HK Stride**”). Upon HK Stride’s establishment, BVI Stride became its sole shareholder, and Ms. He became its sole director. At that time, Ms. Lau effectively wholly-owned both BVI Stride (directly) and HK Stride (indirectly). The initial purposes of BVI Stride and HK Stride were to make investments. However, as there had been no suitable investment opportunities identified, BVI Stride and HK Stride have not had any business operations since their respective establishment, therefore Ms. Lau disposed of her entire interest in BVI Stride to Ms. He and at the same time resigned as the sole director of BVI Stride. Ms. He was simultaneously appointed as the sole director of BVI Stride in August 2015. Since then, Ms. He wholly-owns both BVI Stride (directly) and HK Stride (indirectly) and is the sole director of both companies, whilst Ms. Lau has ceased to have any roles or interest in BVI Stride or HK Stride. However, since Ms. He took over, BVI Stride and HK Stride were still unable to commence any business. As such, in May 2017, Ms. He as the sole director of HK Stride resolved to deregister HK Stride, and an application for deregistration of HK Stride was submitted to the Companies Registry in June 2017.

CONCLUSION OF SUBSCRIBER’S INDEPENDENCE UNDER LISTING RULES

As described in the paragraph headed “Company has an indirect insignificant subsidiary of which the Subscriber is an indirect 20% shareholder” above, in light of the insignificant subsidiary exception under Rule 14A.09 of the Listing Rules, the Subscriber is not considered a connected person (as defined in Rule 14A.07 of the Listing Rules) of the Company by virtue of its indirect 20% interest in the Subsidiary. Further, the abovementioned common positions in a charity fund, employment relationship and past corporate matters involving Ms. He and Ms. Lau do not constitute the Subscriber or Ms. Lau to be a connected person (as defined in Rule 14A.07 of the Listing Rules) of the Company. As such, as at the date of each of the Announcements up to and as at the date of this announcement, each of the Subscriber and Ms. Lau is an Independent Third Party, and the Company confirms that the supplemental information set out in this announcement does not affect the transaction classification and Listing Rules implications in respect of the Subscription set out in the Announcements.

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Zheng Jinwei
Chairman

Hong Kong, 25 August 2017

At the date of this announcement, the Board comprises four executive Directors, namely Mr. Zheng Jinwei (Chairman and Chief Executive), Mr. Ho Wai Kong (Honorary Chairman), Miss. Ng Weng Sin and Ms. He Qian; a non-executive Director, namely Mr. Chen Limin; and three independent non-executive Directors, namely Ms. Wong Yan Ki, Angel, Mr. Deng Xiang and Mr. Jiang Jun.