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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)

**SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 3 October 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, the Subscription Shares (being 268,586,000 new Shares) at the Subscription Price of HK\$0.237.

The 268,586,000 Subscription Shares represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription).

The Subscription Price of HK\$0.237 per Subscription Share represents (i) a discount of approximately 19.66% to the closing price of the Shares of HK\$0.295 per Share on Last Trading Day; and (ii) a premium of approximately 77.66% to the average of the closing prices of the Shares for the last five trading days immediately before the Last Trading Day, being HK\$0.1334.

The Directors consider that the Subscription will strengthen the financial position of the Group and raise additional funds for the Company to further develop its procurement platform. Each of the gross proceeds and net proceeds from the issue of the Subscription Shares is estimated to be approximately HK\$63.65 million and HK\$63.01 million respectively. The Company intends to use the net proceeds for general working capital of the Group and for the future development of the Group's business.

INTRODUCTION

The Board is pleased to announce that on 3 October 2017, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue to the Subscriber, the Subscription Shares at the Subscription Price on the terms and conditions provided in the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date:

3 October 2017 (after trading hours)

Parties:

Issuer : The Company

Subscriber : Mr. Zhao Liuqing (趙柳青)

The Group is principally engaged in the public procurement related businesses, such as the development and operation of online public procurement platforms and provision of other value added services to users of the procurement platforms.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

Number of Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, the Subscription Shares (being 268,586,000 new Shares) at the Subscription Price of HK\$0.237 per Subscription Share. The aggregate nominal value of the Subscription Shares is HK\$26,858,600.

The 268,586,000 Subscription Shares represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription).

Immediately upon completion of the Subscription, the Subscriber will become a substantial shareholder of the Company.

Subscription Price

The Subscription Price of HK\$0.237 per Subscription Share represents:–

- (a) a discount of approximately 19.66% to the closing price of the Shares of HK\$0.295 per Share on Last Trading Day; and
- (b) a premium of approximately 77.66% to the average of the closing prices of HK\$0.1334 per Share for the last five trading days immediately before the Last Trading Day.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Board considers that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price will be payable by the Subscriber in cash at completion of the Subscription.

General Mandate

The Subscription Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 8 June 2017. Under the General Mandate, the Company was authorised to allot, issue or deal with up to 2,685,862,509 ordinary shares of the Company, being 20% of the total number of ordinary shares in issue as at the date of the aforesaid annual general meeting.

On 10 August 2017, the Shareholders have passed a resolution by way of poll at the SGM to, among other things, approve the share consolidation of every ten (10) issued and unissued ordinary shares of HK\$0.01 each in the capital of the Company into one (1) consolidated ordinary share of HK\$0.1 each (the “**Share Consolidation**”). As such, the total number of issued Shares as at the date of this announcement is 1,342,931,254 Shares.

As at the date of this announcement, none of the General Mandate have been utilised by the Company.

Therefore, the total number of new Shares that can be allotted and issued under the General Mandate as at the date of this announcement is 268,586,250 Shares.

As the Subscription Shares will be allotted and issued pursuant to the General Mandate, the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Ranking of Subscription Shares

The Subscription Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Condition of the Subscription

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting (and not having revoked) or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.

If the aforesaid condition has not been fulfilled on or before 31 October 2017 (or such later date as may be agreed by the Company and the Subscriber, then none of the Company or the Subscriber shall be bound to proceed with completion of the Subscription, and the Subscription Agreement (save and except provisions as to confidentiality and certain other provisions) shall lapse and be of no further effect and neither the Company or the Subscriber shall have any claim against each other save for any antecedent breach prior to the date of such termination.

Since the Subscription is subject to the condition set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Completion of the Subscription

Completion of the Subscription shall take place on any Business Day which is not later than 10 Business Days after the date on which the aforesaid condition has been fulfilled as may be notified by the Company to the Subscriber.

APPLICATION FOR LISTING

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

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the Subscription will strengthen the financial position of the Group and raise additional funds for the Company to further develop its procurement platform.

The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Each of the gross proceeds and net proceeds from the issue of the Subscription Shares is estimated to be approximately HK\$63.65 million and HK\$63.01 million respectively. The Company intends to use the net proceeds for general working capital of the Group and for the future development of the Group's business.

The net price of each Subscription Share will be approximately HK\$0.235.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fund raising activities in the past 12 months before the date of this Announcement:

Date of announcement(s)	Fund raising activities	Net proceeds	Intended use of the proceeds as announced	Actual use of proceeds
16 December 2016	Issue 7% convertible bonds in the principal amount of HK\$30,000,000 under general mandate convertible into 393,442,622 Shares (“ 2016 Convertible Bonds ”)	Approximately HK\$29,800,000	For general working capital purposes	In relation to the actual use of HK\$24,190,000, please refer to the announcement dated 14 June 2017 of the Company. The remaining HK\$5,610,000 was utilised for operational and administrative expenses of the Company.

As stated in the announcement of the Company dated 5 June 2017, the Company entered into a subscription agreement dated 5 June 2017 (the “**Previous Subscription Agreement**”) with Ngongfull Science and Technology Limited in relation to the proposed issuance by the Company, and the proposed subscription by Ngongfull Science and Technology Limited, of 229,022,040 Shares, the net proceeds of which was estimated to be approximately HK\$68.5 million. As stated in the announcement of the Company dated 31 August 2017, for the reasons set out in the aforesaid announcement, the Previous Subscription Agreement was terminated by way of a deed of termination and settlement dated 31 August 2017.

Save as disclosed above, the Company has not conducted any fund raising activities in the past 12 months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company, in each case assuming that no new Shares are issued or repurchased during the relevant period: (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription:

	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
Directors				
Zheng Jinwei (<i>Note 1</i>)	6,000,000	0.45	6,000,000	0.37
Ho Wai Kong (<i>Note 2</i>)	98,982,072	7.37	98,982,072	6.14
Substantial Shareholders				
Subscriber	–	–	268,586,000	16.67
Champion Union Investments Limited (<i>Note 3</i>)	153,970,800	11.47	153,970,800	9.56
Public shareholders	1,083,978,382	80.71	1,083,978,382	67.26
Total	<u>1,342,931,254</u>	<u>100.00</u>	<u>1,611,517,254</u>	<u>100.00</u>

Notes:

- Mr. Zheng Jinwei is interested in 60,000,000 Shares through controlled corporation, Samway International Enterprise Limited.
- Mr. Ho Wai Kong is interested in 98,982,072 Shares, of which (i) 6,880,000 Shares are held by Mr. Ho Wai Kong; (ii) 27,934,800 Shares are held by his spouse, Ms. Guo Binni; (iii) 64,117,272 Shares are held by Master Top Investments Limited; and (iv) 50,000 Shares are held by Similan Limited. Both companies are beneficially owned by Mr. Ho Wai Kong.
- Champion Union Investments Limited is owned by Ms. Fan Xiulian.

DEFINITIONS

“2013 Share Option”	the options to subscribe for new shares of the Company granted under the 2013 Share Option Scheme
“2013 Share Option Scheme”	the share option scheme adopted by the Company on 13 June 2013
“2016 Convertible Bonds”	the 7% convertible bonds in the principal amount of HK\$30,000,000 which entitled the holder(s) thereof to convert such convertible bonds into an aggregate of 393,442,622 ordinary shares of HK\$0.01 each in the capital of the Company (before the Share Consolidation becoming effective on 11 August 2017) pursuant to a subscription agreement entered into by the Company and Great Reach Investments Limited on 16 December 2016 and were all redeemed on 20 June 2017
“Board”	the board of Directors
“Business Days”	a day on which licensed banks in Hong Kong are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
“Company”	China Public Procurement Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1094)
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 8 June 2017 to allot, issue and deal with up to 268,586,250 Shares, being 20% of the then number of issued shares of the Company as at 8 June 2017 (as if the Share Consolidation being effective on that day)

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and its subsidiaries and their connected persons (as defined in the Listing Rules)
“Last Trading Day”	3 October 2017, being the last trading day for the Shares before the issue of this Announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“SGM”	the special general meeting of the Company held on 10 August 2017 for the purpose of considering and, if thought fit, approving the Share Consolidation
“Share(s)”	ordinary share(s) shares of the Company of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Consolidation”	the share consolidation of every ten (10) issued and unissued ordinary shares of HK\$0.01 each in the capital of the Company into one (1) consolidated ordinary share of HK\$0.1 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Zhao Liuqing (趙柳青)

“Subscription”	the subscription by the Subscriber for the Subscription Shares pursuant to and in accordance with terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 3 October 2017 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$0.237 per Share
“Subscription Shares”	268,586,000 new Shares to be subscribed for by the Subscriber and to be issued and allotted by the Company pursuant to and in accordance with the terms and conditions of the Subscription Agreement
“%”	per cent

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

Hong Kong, 3 October 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; one 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.