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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)

**MAJOR TRANSACTION
AND
RESUMPTION OF TRADING**

THE SALE AND PURCHASE AGREEMENT I

The Board announces that on 26 April 2009, the Company entered into the Sale and Purchase Agreement I with the Purchaser, for the disposal of the Sale Share and the Sale Loan. As at the date of the Sale and Purchase Agreement I, the Company wholly and beneficially owns Brilliant China. Brilliant China is, in turn, the beneficial owner of the entire equity interests in Zhongmin Zhongran which, in turn, beneficially owns 45.45% of the equity interests in Fujian Anran.

The total consideration for the Sale Share and the Sale Loan is HK\$323,663,905.59.

The Purchaser is a company listed on the main board of the Stock Exchange and is an investment holding company. The Purchaser Group is principally engaged in investment in, and operation and management of, gas pipeline infrastructure and the sale and distribution of piped natural gas and compressed natural gas in the PRC.

* *For identification purposes only*

THE SALE AND PURCHASE AGREEMENT II

The Board announces that on 26 April 2009, Beijing Zhongmin, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement II with Zhongran Gas, a wholly owned subsidiary of the Purchaser, for the disposal of the Sale Equity. As at the date of the Sale and Purchase Agreement II, Beijing Zhongmin beneficially owned 54.55% of the equity interests in Fujian Anran.

The total consideration for the Sale Equity is RMB40,000,000.

Upon Completion, Brilliant China and Zhongmin Zhongran will cease to be the subsidiaries of the Group but the Group remains as the major shareholder of Fujian Anran, of which the Group holds 51% of the equity interests. Fujian Anran will continue as a subsidiary of the Group. The Group will continue to benefit from the profits contribution by the Fujian Anran Group in the PRC.

GENERAL

The Disposals constitute a major transaction of the Company under the Listing Rules. A SGM will be convened to consider and, if thought fit, approve the Disposals. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, further details of the Sale and Purchase Agreements and the transactions contemplated thereunder, together with the notice of the SGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 27 April 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 April 2009.

INTRODUCTION

The Board announces that on 26 April 2009, (i) the Company has entered into the Sale and Purchase Agreement I with the Purchaser for the disposal of the Sale Share and the Sale Loan; and (ii) Beijing Zhongmin, a wholly owned subsidiary of the Company, has entered into the Sale and Purchase Agreement II with Zhongran Gas, a wholly owned subsidiary of the Purchaser for the disposal of the Sale Equity.

THE SALE AND PURCHASE AGREEMENT I

Date: 26 April 2009

Parties: (1) the Purchaser as purchaser; and
(2) the Company as vendor

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and any of its connected persons. The Purchaser is a company whose shares are listed on the main board of the Stock Exchange.

Assets to be disposed of

The Sale Share and the Sale Loan. Further details of the assets to be disposed of and the Target Group are set out under the paragraph headed “Information on the Target Group” below.

Consideration

The Consideration I for the Disposal I is HK\$323,663,905.59, which will be settled by the Purchaser in cash in the following manners:

- (a) HK\$100,000,000 as deposit and part payment of the Consideration I and shall be payable by the Purchaser to the Company within ten Business Days after the date of the Sale and Purchase Agreement I;

- (b) HK\$207,480,710.31 shall be payable by the Purchaser to the Company within ten Business Days after the passing by the Shareholders at the SGM of an ordinary resolution to approve the Sale and Purchase Agreement I and the transactions contemplated thereunder; and
- (c) the remaining HK\$16,183,195.28 shall be payable by the Purchaser to the Company within ten Business Days after obtaining of new business license of Zhongmin Zhongran and Fujian Anran respectively and the completion of the amendments to the articles of association of Zhongmin Zhongran and Fujian Anran.

As security for the refund of the Deposit, the Company, the Purchaser and Beijing Zhongmin shall execute a share charge (in an agreed form) in favour of the Purchaser, pursuant to which Beijing Zhongmin shall charge 49% equity interests in Fujian Anran in favour of the Purchaser as security for the obligations of the Company to refund the Deposit with interest calculated at the rate of 5% per annum, if condition (iii) set out in paragraph headed “Conditions Precedent” below is not satisfied.

Conditions Precedent

Completion of the Disposal I shall be conditional upon and subject to:

- (i) the completion of necessary change of registration procedures in relation to the transfer of the Target Group and the completion of the amendments to the articles of association of Zhongmin Zhongran and Fujian Anran having been obtained;
- (ii) all necessary authorisations, licenses, consents and approvals required to be obtained in respect of the Sale and Purchase Agreement I and the transactions contemplated thereby having been obtained and continue to be valid; and
- (iii) the passing by the Shareholders at the SGM of an ordinary resolution to approve the Sale and Purchase Agreement I and the transactions contemplated thereunder.

Only conditions (i) and (ii) above are waivable under the Sale and Purchase Agreement I while condition (iii) above is not waivable. If the conditions have not been satisfied (or waived) on or before 31 August 2009, or such later date as the Company and the Purchaser may agree, the Company shall return all the monies already paid by the Purchaser (with interest) to in accordance with the paragraph headed "Refund of Monies" below. The Sale and Purchase Agreement I shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Refund of monies

In the event that condition (iii) above is not fulfilled on or before 31 August 2009 or such later date as the Company and the Purchaser may agree, the Company shall, within ten Business Days after the date of the SGM, refund all the monies already paid by the Purchaser with interest calculated at the rate of 5% per annum to the Purchaser.

Completion

Completion of the Disposal I shall take place on the date falling the second Business Day after the fulfillment (or waiver) of the conditions precedent referred to above.

Post completion commitment of the Purchaser

Pursuant to the Sale and Purchase Agreement I, the Purchaser has undertaken to the Company that:

- (1) it shall pay or shall procure Zhongmin Zhongran to pay the outstanding registered capital of Fujian Anran in the sum of RMB80,000,000 following Completion in accordance with the articles of association of Fujian Anran; and
- (2) it shall within ten Business Days following Completion, repay or shall procure Zhongmin Zhongran to repay to the loan in the sum of RMB11,255,000 owed by Zhongmin Zhongran to Beijing Zhongmin.

THE SALE AND PURCHASE AGREEMENT II

Date: 26 April 2009

Parties: (1) Zhongran Gas as purchaser; and
(2) Beijing Zhongmin as vendor

As at the date of the Sale and Purchase Agreement II, Beijing Zhongmin is wholly and beneficially owned by the Company. Beijing Zhongmin is, in turn, the beneficial owner of the 54.55% of the equity interests in Fujian Anran.

Assets to be disposed of

The Sale Equity. Further details of the Sale Equity are set out under the paragraphs headed “Information on the Target Group” below.

Consideration

The Consideration II for the Disposal II is RMB40,000,000, which will be settled by the Purchaser in cash in the following manners:

- (a) RMB38,000,000 shall be payable on the same Business Day when the Purchaser has paid the HK\$207,480,710.31 to the Company as set out in the paragraph headed “Consideration” under the Sale and Purchase Agreement I above; and
- (b) the remaining balance of RMB2,000,000 shall be payable within ten Business Days upon the completion of registration of transfer of the Sale Equity at the Administration for Industry and Commerce Bureau and obtaining of the amendments to the relevant provisions in the articles of association of Fujian Anran and completion of the Sale and Purchase Agreement I took place.

Management of the Fujian Anran Group

On the date the Deposit is made, the Purchaser Group shall be entitled to appoint staff to the Fujian Anran Group which will then be jointly managed by the Purchaser Group and the Group. All execution of documents with and payment to third parties shall only be made with the written consent of both parties. Upon Completion, the Purchaser shall be entitled to appoint directors to board of directors of Fujian Anran.

Basis of determining the consideration

The Consideration were determined after arm's length negotiation between the Company (for itself and Beijing Zhongmin) and the Purchaser (for itself and Zhongran Gas) with reference to the total assets and the business prospects of the Target Group and the commercial synergies to be accrued with the future co-operation between the Group and the Purchaser Group, which is further elaborated under the paragraph headed "Information on the Target Group" below.

The Board (including the independent non-executive Directors) considers that the Sale and Purchase Agreements were entered into on normal commercial terms and their respective terms are fair and reasonable and the entering into of the Sale and Purchase Agreements is in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PURCHASER AND ZHONGRAN GAS

The Purchaser is a company listed on the main board of the Stock Exchange and is an investment holding company.

The Purchaser Group is principally engaged in investment in, and operation and management of, gas pipeline infrastructure and the sale and distribution of piped natural gas and compressed natural gas in the PRC.

Zhongran Gas is a limited liability company established and subsisting in Shenzhen, PRC, and a wholly owned subsidiary of the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and Zhongran Gas is a third party independent of the Company and its connected persons.

INFORMATION ON THE TARGET GROUP

Brilliant China is an investment holding company incorporated in the British Virgin Islands with limited liability on 5 January 2004. As at the date of the Sale and Purchase Agreements, Brilliant China has an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 1 share has been issued and is fully paid or credited as fully paid and is beneficially owned by the Company. Brilliant China is the sole shareholder of Zhongmin Zhongran.

Zhongmin Zhongran was established on 28 February 2008 in Beijing, the PRC. Its registered capital is HK\$30,000,000. Zhongmin Zhongran is beneficially owned by Brilliant China. It is principally engaged in, among other matters, wholesale of gas equipment and parts, import and export business, technical consultation and technical service provider. As at the date of the Sale and Purchase Agreements, Zhongmin Zhongran is the beneficial owner of 45.45% of the equity interests in Fujian Anran.

Fujian Anran was established on 10 August 1999 in Fujian Province, the PRC. Its registered capital is RMB220,000,000, of which RMB140,000,000 has been duly paid up. As at the date of the Sale and Purchase Agreements, 45.45% of the equity interests in Fujian Anran is beneficially owned by Zhongmin Zhongran and 54.55% of the equity interests in Fujian Anran is beneficially owned by Beijing Zhongmin respectively. Fujian Anran is principally engaged in, among other matters, manufacture of gas equipment, facilities and parts, promotion of gas technology and gas pipeline engineering investment.

As at the date of the Sale and Purchase Agreements, Fujian Anran has directly and indirectly invested in 10 branch offices and 19 subsidiaries and 4 associated companies within Fujian Province and all are engaged in gas supply related business. The Fujian Anran Group possessed various license granted by the local governments in Fujian Province to operate and distribute piped gas within the areas as set out in each of the license for the terms of 10 years to 60 years.

Set out below are the financial information of Brilliant China, Zhongmin Zhongran and the Fujian Anran Group (based on 100% equity interests) for the two years ended 31 December 2007 and 2008 according to PRC audited accounts, if applicable:

Brilliant China

	For the year ended 31 December 2007 HK\$ (unaudited)	For the year ended 31 December 2008 HK\$ (unaudited)
Turnover	–	–
Loss before taxation	6,023	4,758
Loss after taxation	6,023	4,758

The net liabilities of Brilliant China as at 31 December 2008 was approximately HK\$50,552.

Zhongmin Zhongran (incorporated on 28 February 2008)

	For the year ended 31 December 2008 RMB (unaudited)
Turnover	–
Loss before taxation	62,306
Loss after taxation	62,306

The net assets of Zhongmin Zhongran as at 31 December 2008 was RMB8,920,994.

The Fujian Anran Group

	For the year ended 31 December 2007	For the year ended 31 December 2008
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
	(Audited)	(Audited)
Turnover	263,688,000	157,136,000
Profit before taxation	56,057,000	49,881,000
Profit after taxation	55,025,000	49,368,000

The audited net assets of the Fujian Anran Group as at 31 December 2008 (based on the PRC audited accounts) was approximately RMB293,035,000.

The total net assets of the Target Group as at 31 December 2008 was approximately HK\$342,575,000.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is principally engaged in the provision of gas fuel and gas pipeline connection, transportation and distribution of liquefied petroleum gas and retail of bottled liquefied petroleum gas and supply of video lottery operating system and bottled equipment in the PRC.

In view that the Purchaser is a renowned operator in gas pipeline infrastructure and the sale and distribution of piped natural gas and compressed natural gas in the PRC, the Board expects the Purchaser, by acquisition of equity interest in Target Group, will become a strategic partner of the Group in gas related business. The Target Group currently engages in gas supply related business in the PRC, which represents approximately 22% of the turnover of the Group for the six months ended 30 September 2008. After the Disposals, Brilliant China and Zhongmin Zhongran will cease to be subsidiaries of the Group but the Company remains as the major shareholder of Fujian Anran, of which the Company holds 51% of the equity interests. Fujian Anran continues as a subsidiary of the Group. The Group will continue to benefit from the profits contribution by the Fujian Anran Group in the PRC.

As disclosed in the annual report of the Company for the year ended 31 March 2008, the Group operated at a loss. The financial position of the Group has been improved slightly as disclosed in the interim report of the Company for the six months ended 30 September 2008. The Directors consider that the Disposals represents a good opportunity for the Group to realise the part of its investments in the Target Group, to strengthen the financial position and to reduce the amount of liabilities of the Group.

The Board also considers the Disposals will provide further cash reserve to the Group which may be applied by the Group to finance future acquisitions which may or may not be in the principal line of business of the Group. As at the date of this announcement, the Group has not yet identified any suitable acquisition targets.

Taking into account of the net asset value and future profits stream of the Target Group, the Board is of the view that the terms and conditions of the Disposals are fair and reasonable and the Disposals are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSALS AND INTENDED USE OF PROCEEDS

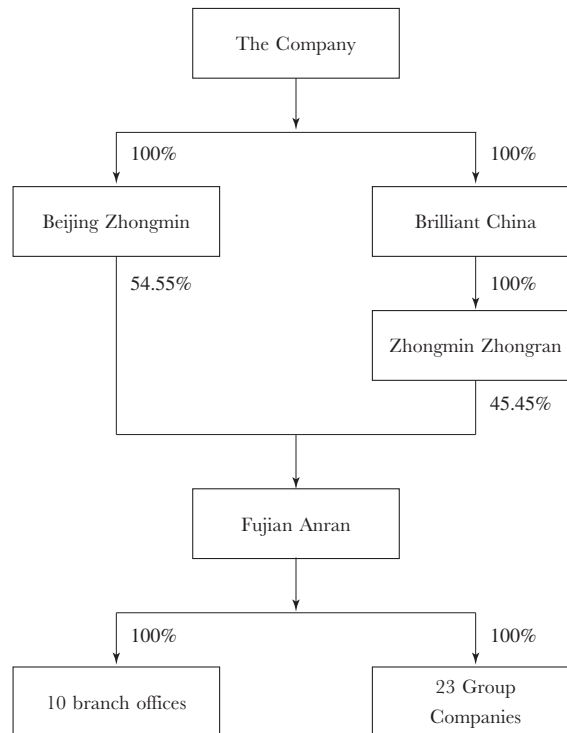
It is estimated that, upon Completion, the Group will record a gain on disposal of approximately HK\$129.8 million. Such gain is estimated based on the aggregate of the Consideration receivable from the Disposals, i.e. HK\$381.8 million less (i) the aggregate of the net assets value of Target Group disposed of approximately HK\$173 million as shown in the consolidated balance sheet of the Target Group as at 31 December 2008 and (ii) the goodwill attributable to the Fujian Anran Group of approximately HK\$79 million. The above calculation is based on the PRC accounting standard. The final amount of the actual gain or loss as a result of the Disposals will be determined as at the completion of the Disposals.

The Board intends to apply the net sale proceeds of approximately HK\$381.2 million for future development and investment of the Group. As at the date of this announcement, the Company does not have any specific development and investment plans.

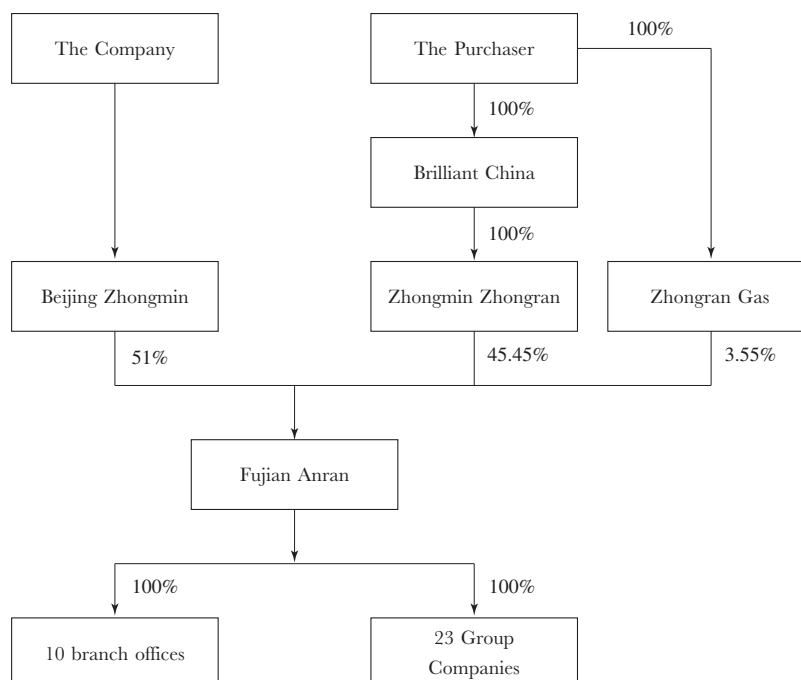
GROUP STRUCTURE

The diagram below shows the structure of the Target Group and their ultimate shareholdings immediately before and after the Completion:

Immediate before the Completion



Immediately after the Completion



GENERAL

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A circular containing, among other things, further details of the Sale and Purchase Agreements and the transactions contemplated thereunder, together with the notice of the SGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 27 April 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 April 2009.

DEFINITIONS

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

“Beijing Zhongmin”	北京中民燃氣有限公司(Beijing Zhongmin Company Limited) [#] , a company established in Beijing, the PRC, a wholly owned subsidiary of the Company and the vendor to the Sale and Purchase Agreement II
“Board”	board of the Directors
“Brilliant China”	Brilliant China Investments Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Company

“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Chinese People Holdings Company Limited (中民控股有限公司) *, a company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement I and the Sale and Purchase Agreement II in accordance with the terms and conditions thereof
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of the Consideration I and the Consideration II
“Consideration I”	HK\$323,663,905.59, being the total consideration receivable from the Disposal I
“Consideration II”	RMB\$40,000,000, being the total consideration receivable from the Disposal II
“Deposit”	HK\$100,000,000 as deposit and part payment of the Consideration I and shall be payable by the Purchaser to the Company pursuant to the Sale and Purchase Agreement I
“Director(s)”	directors (including the independent non-executive directors) of the Company from time to time
“Disposal I”	the disposal of the Sale Share and the Sale Loan by the Company to the Purchaser pursuant to the Sale and Purchase Agreement I

“Disposal II”	the disposal of the Sale Equity by Beijing Zhongmin to Zhongran Gas pursuant to the Sale and Purchase Agreement II
“Disposals”	the Disposal I and the Disposal II
“Fujian Anran”	福建安然燃氣投資有限公司(Fujian Anran Gas Investment Company Limited) [#] , a company established in Fujian Province, the PRC, as to 54.55% of its equity interests is beneficially owned by Beijing Zhongmin and 45.45% of its equity interests beneficially owned by Zhongmin Zhongran
“Fujian Anran Group”	Fujian Anran together with its 10 branch offices and 19 subsidiaries and 4 associated companies
“Group”	the Company and its subsidiaries
“Group Companies”	subsidiaries and associated companies
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Purchaser”	China Gas Holdings Limited (中國燃氣控股有限公司)*, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange
“Purchaser Group”	the Purchaser and its subsidiaries
“Sale Equity”	3.55% of the equity interests in Fujian Anran which is beneficially owned by Beijing Zhongmin

“Sale Loan”	all the obligations, liabilities and indebtedness owing or incurred by Brilliant China to the Company, whether actual, contingent or deferred and irrespective whether or not the same is due and payable as at completion of the Sale and Purchaser Agreement I which as at 31 March 2009, amounted to the sum of HK\$10,053,988.20
“Sale Share”	1 share of US\$1.00 in Brilliant China, representing the entire issued share capital of Brilliant China and is beneficially owned by the Company
“Sale and Purchase Agreement I”	the agreement dated 26 April 2009 and entered into between the Purchaser and the Company in relation to the Disposal I
“Sale and Purchase Agreement II”	the agreement dated 26 April 2009 and entered into between Zhongran Gas and Beijing Zhongmin in relation to the Disposal II
“Sale and Purchase Agreements ”	the Sale and Purchase Agreement I and the Sale and Purchase Agreement II
“SGM”	the special general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement I and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$0.07 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Brilliant China, Zhongmin Zhongran, 49% equity interests in the Fujian Anran Group

“Zhongmin Zhongran”	北京中民中燃貿易有限公司(Beijing Zhongmin Zhongran Trading Company Limited) [#] , a company established in Beijing, the PRC, a wholly owned subsidiary of Brilliant China
“Zhongran Gas”	中燃燃氣實業(深圳)有限公司 (Zhongran Gas (Shenzhen) Company Limited) [#] , a limited liability company established and subsisting in Shenzhen, PRC, and a wholly owned subsidiary of the Purchaser
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US”	United States dollars, the lawful currency of the United States
“%”	per cent.

By order of the Board
Chinese People Holdings Company Limited
Mr. Jin Song
Managing and Executive Director

Beijing, 28 April 2009

* *for identification purpose only*

the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.1347. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

As at the date of this announcement, the Board comprises six executive directors, namely, Mr. Xu Ruixin, Dr. Mo Shikang, Mr. Zhang Hesheng, Mr. Zhu Peifeng, Mr. Jin Song and Mr. Chu Kin Wang Peleus, and three independent non-executive directors, namely, Mr. Liu Junmin, Mr. Tan Qinglian and Mr. Sin Ka Man.