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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 20.12% INTERESTS IN YUNNAN PANVA

The Board is pleased to announce that Beijing Zhonglian, an indirect wholly owned subsidiary of the Company, and Yunnan Industrial entered into the Agreement pursuant to which Beijing Zhonglian has agreed to purchase and Yunnan Industrial has agreed to sell the Sale Capital for a total cash consideration of RMB26,000,000 (equivalent to approximately HK\$31,343,000).

As the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%, under rule 14.08 of the Listing Rules, the transaction contemplated under the Agreement constitutes a discloseable transaction on the part of the Company.

THE AGREEMENT

Date: 9 June 2011

Parties: (1) Vendor : Yunnan Industrial
(2) Purchaser : Beijing Zhonglian

Yunnan Industrial is principally engaged in the state owned capital investment, petrochemical and metallurgical industries. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yunnan Industrial and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

** for identification purpose only*

Asset to be acquired

Pursuant to the Agreement, Yunnan Industrial has agreed to sell and Beijing Zhonglian has agreed to acquire the Sale Capital, representing 20.12% of the entire registered capital and paid up capital of Yunnan Panva as at the date of this announcement.

Consideration

The total consideration for the Acquisition is RMB26,000,000 (equivalent to approximately HK\$31,343,000) and shall be satisfied by Beijing Zhonglian in the following manner:

- (a) RMB20,000,000 (equivalent to approximately HK\$24,110,000) as transaction deposit paid in cash by Beijing Zhonglian via Yunnan Equity Exchange (as agent) shall, after the date of the Agreement, become part of the Consideration; and
- (b) RMB6,000,000 (equivalent to approximately HK\$7,233,000) shall be payable in cash by Beijing Zhonglian via Yunnan Equity Exchange (as agent) within five (5) business days after the date of the Agreement.

Yunnan Equity Exchange will forward the total amount of the Consideration to Yunnan Industrial within three (3) business days after Completion.

The Consideration was determined with reference to the unaudited net asset value of Yunnan Panva as at 31 December 2010 of approximately RMB98,453,000 (equivalent to approximately HK\$118,685,000). The Group acquired the Sale Capital from bid auction and RMB109,500 (equivalent to approximately HK\$132,000) shall be payable as commission by Beijing Zhonglian to Yunnan Equity Exchange. Yunnan Equity Exchange is principally engaged in the shares transfer among state owned corporations with all-in-kinds business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yunnan Equity Exchange and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Directors consider that the terms and conditions of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration will be paid by internal resources of the Group.

Completion

Completion of the transfer of the Sale Capital will be in accordance with the terms and conditions of the Agreement. It is expected that Completion will take place in July 2011. Upon Completion, Yunnan Panva will be a jointly controlled entity of the Group.

INFORMATION ON YUNNAN PANVA

Yunnan Panva is principally engaged in processing, storage and the sales of LPG; construction and operation of LPG pipelines; LPG car re-fill stations; manufacture and sale of LPG related products made by itself; other petrochemical products; LPG bottles regular inspection; cylinder train regular inspection (limited to branch institution with relevant qualification); installation and maintenance of gas appliances.

According to the unaudited financial information of Yunnan Panva for the year ended 31 December 2009, which was prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB236,079,000 (equivalent to approximately HK\$284,593,000) and the net profit before and after tax and extraordinary items was approximately RMB12,502,000 (equivalent to approximately HK\$15,071,000) and approximately RMB11,564,000 (equivalent to approximately HK\$13,940,000) respectively.

According to the unaudited financial information of Yunnan Panva for the year ended 31 December 2010, which was prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB328,600,000 (equivalent to approximately HK\$396,127,000) and the net profit before and after tax and extraordinary items was approximately RMB18,316,000 (equivalent to approximately HK\$22,080,000) and approximately RMB15,530,000 (equivalent to approximately HK\$18,721,000) respectively. The unaudited net asset value of Yunnan Panva was approximately RMB98,453,000 (equivalent to approximately HK\$118,685,000) as at 31 December 2010.

REASONS FOR THE AGREEMENT

The Group is principally engaged in sales of LPG; provision of piped gas fuel; construction of gas pipelines; operation of city gas pipeline network; and actively promote lottery agency sales and equipment supply.

The Directors have been identifying further investment opportunities in order to expand its existing business and maximise the return of the Shareholders. The Directors consider that the Acquisition represents a good opportunity for the Group to improve its operations and increase its market share in the south western region of the PRC.

The Board considers that as the Yunnan region lacks natural gas resources and LPG is main form of gas fuel available in such region, the future prospects of the LPG market in the Yunnan region is expected to be brilliant. Through the Acquisition, the Group's LPG operation will be further strengthened, which will provide the Group with an economic of scales effect and will improve the Group's ability to prevent operational risks in such business. At the same time, LPG is considered as a clean fuel, which is in-line with the strategy of the PRC to conserve energy and developing a green economy. The Board believes that the Acquisition will be provide considerable profits and cash flow to the Group in the future and will provide a good return to the Shareholders.

Based on the above, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%, under rule 14.08 of the Listing Rules, the transaction contemplated under the Agreement constitutes a discloseable transaction on the part of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

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| “Acquisition” | Acquisition of the 20.12% equity interests in Yunnan Panva |
| “Agreement” | the 20.12% equity interests transfer agreement dated 9 June 2011 and entered into between Yunnan Industrial and Beijing Zhonglian in relation to the sale and purchase of the Sale Capital |
| “Beijing Zhonglian” | 北京中聯華安投資有限公司 (Beijing Zhonglian Huaan Investment Co., Ltd. [#]), a limited liability company established in the PRC and an indirect wholly owned subsidiary of the Company |
| “Board” | the board of Directors |
| “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 |
| “Completion” | payment of the Consideration in full and completion of the transfer of the Sale Capital in accordance with the terms and conditions of the Agreement |
| “connected persons” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the consideration of RMB26,000,000 (equivalent to approximately HK\$31,343,000) to be payable by Beijing Zhonglian to Yunnan Industrial for the sale and purchase of the Sale Capital |

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| “ Directors ” | directors (including the independent non-executive directors) of the Company from time to time |
| “ Group ” | the Company and its subsidiaries |
| “ Hong Kong ” | the Hong Kong Special Administrative Region of the PRC |
| “ HK\$ ” | Hong Kong dollars, the lawful currency of Hong Kong |
| “ Listing Rules ” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “ LPG ” | liquefied petroleum gas |
| “ PRC ” | the People’s Republic of China |
| “ RMB ” | Reminbi, the lawful currency of the PRC |
| “ Sale Capital ” | 20.12% of the registered and paid up capital of Yunnan Panva |
| “ Shares ” | ordinary shares of HK\$0.07 each in the share capital of the Company |
| “ Shareholders ” | holders of the Shares |
| “ Stock Exchange ” | The Stock Exchange of Hong Kong Limited |
| “ Yunnan Equity Exchange ” | 雲南產權交易所有限公司 (Yunnan Equity Exchange Co. Ltd. [#]), a limited liability company established in the PRC |
| “ Yunnan Industrial ” | 雲南省工業投資控股集團有限責任公司(Yunnan Industrial Investment Holdings (Group) Co., Ltd. [#]), a limited liability company established in the PRC |
| “ Yunnan Panva ” | 雲南百江燃氣有限公司(Panva Gas (Yunnan) Co., Ltd. [#]), a limited liability company established in the PRC |
| “ % ” | per cent. |

[#] *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.*

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

Beijing, 10 June 2011

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

For the purposes of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.2055 for the purpose of illustration only. No representation is made that any amount into HK\$ and RMB could have been or could be converted at the above rate or at any other rate.