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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)**

**CONTINUING CONNECTED TRANSACTIONS**

On 22 May 2013, Xi'an Zhongmin entered into the Natural Gas Supply Agreement with Shaanxi Natural Gas, pursuant to which Xi'an Zhongmin has agreed to purchase the Natural Gas from Shaanxi Natural Gas for a term commencing from 30 June 2013 until 31 December 2013.

Shaanxi Natural Gas is a shareholder of Xi'an Zhongmin holding 40% equity interests in Xi'an Zhongmin as at the date of this announcement and hence a connected person of the Company. Accordingly, the entering into of the Natural Gas Supply Agreement between Xi'an Zhongmin and Shaanxi Natural Gas constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each or all of the percentage ratios (other than the profits ratio) for the transactions under the Natural Gas Supply Agreement and the purchase of Natural Gas during the Period is or are on an annual basis more than 5%, the Natural Gas Supply Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Natural Gas Supply Agreement and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Natural Gas Supply Agreement (including the annual cap).

A circular containing, amongst other things, a notice convening the Special General Meeting and further details relating to the Natural Gas Supply Agreement and a letter from an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Natural Gas Supply Agreement will be despatched to the Shareholders on or before 7 June 2013.

## NATURAL GAS SUPPLY AGREEMENT

**Date** : 22 May 2013

**Parties** : Xi'an Zhongmin; and  
Shaanxi Natural Gas

Shaanxi Natural Gas is a shareholder of Xi'an Zhongmin holding 40% equity interests in Xi'an Zhongmin as at the date of this announcement and hence a connected person of the Company. Accordingly, the entering into of the Natural Gas Supply Agreement between Xi'an Zhongmin and Shaanxi Natural Gas constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

**Subject** : Pursuant to the Natural Gas Supply Agreement, Xi'an Zhongmin has agreed to purchase the Natural Gas from Shaanxi Natural Gas for a term commencing from 30 June 2013 until 31 December 2013.

**Price** : The basis of determining the prices of the Natural Gas to be purchased by Xi'an Zhongmin under the Natural Gas Supply Agreement will be in accordance with the price set by the Shaanxi Provincial Price Bureau.

**Volume and Amount of Natural Gas** : The parties have agreed that the transaction amount under the Natural Gas Supply Agreement will not exceed the volume of 35,000,000 m<sup>3</sup> and the amount of RMB58,150,000 (equivalent to approximately HK\$73,635,000).

### Annual cap

During the period from 1 April 2013 to the date of fulfillment of the conditions under the Natural Gas Supply Agreement (the "Period"), the purchase of Natural Gas from Shaanxi Natural Gas by Xi'an Zhongmin will not exceed the volume of 5,500,000 m<sup>3</sup> and the amount of RMB8,395,000 (equivalent to approximately HK\$10,631,000). Since all applicable percentage ratios (other than the profits ratio) for the purchase of Natural Gas within the Period under the Listing Rules exceed 0.1% but are less than 1%, the purchase of the Natural Gas for the Period is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The annual cap for the transactions during the Period and under the Natural Gas Supply Agreement are in the volume of 40,500,000 m<sup>3</sup> and the amount of RMB66,545,000 (equivalent to approximately HK\$84,266,000).

The cap amount for the procurement from Shaanxi Natural Gas by Xi'an Zhongmin is determined with reference to the historical transactional amount and the projected demand for the Natural Gas for the second half of the year.

Xi'an Zhongmin and Shaanxi Natural Gas had business transactions in previous years. The historical transactional amounts between Xi'an Zhongmin and Shaanxi Natural Gas were as follows:

### Purchase of Natural Gas from Shaanxi Natural Gas

For the year ended 31 March	Volume (‘000 m <sup>3</sup> )	RMB'000	Equivalent to approximately HK\$'000
2011 (audited)	45,334	64,334	81,466
2012 (audited)	50,032	78,243	99,079
2013 (unaudited)	54,242	85,860	108,725

Transactions between Xi'an Zhongmin and Shaanxi Natural Gas in financial year ended 31 March 2013 were attributable to contracts entered into between Xi'an Zhongmin and Shaanxi Natural Gas before Shaanxi Natural Gas became a connected person of the Company.

#### **Payment terms**

Advance payment of RMB2,400,000 (equivalent to approximately HK\$3,039,000) will be paid to Shaanxi Natural Gas as deposit within one week after the entering into of the Natural Gas Supply Agreement. This deposit amount will be used to set-off part of the payable upon the expiry of the Natural Gas Supply Agreement. Payment for the purchase of the Natural Gas will be settled quarterly, provided that the terms of sale offered to the other party will be no more favourable to those offered to independent third party purchasers of such Natural Gas.

#### **Condition precedent**

The Natural Gas Supply Agreement is conditional upon approval of the Independent Shareholders of the Company.

#### **REASONS FOR THE TRANSACTIONS**

The Group is principally engaged in the sale and distribution of natural gas and liquefied petroleum gas in the PRC, including the sales of liquefied petroleum gas in bulk and cylinders, the provision of piped gas fuel, construction of gas pipelines, the operation of city gas pipeline network and lottery agency sales.

Shaanxi Natural Gas is principally engaged in the distribution and pipeline transportation of natural gas, the sale of city gas, as well as the operation of gasification projects. It is one of the leading Natural Gas providers in Shaanxi Province, PRC. Through purchasing the Natural Gas from Shaanxi Natural Gas, it can stable our supply in the region we serve.

Xi'an Zhongmin is a company established in the PRC with limited liability and principally engaged in sales and distribution of gas fuel, design of gas fuel pipeline and related maintenance in Xi'an city, Shaanxi Province, PRC.

In view of the above advantages and that the transactions will be carried out in the ordinary course of business of each party, the parties consider that it is reasonable and beneficial to enter into the Natural Gas Supply Agreement to govern the continuing connected transactions.

Given that the Natural Gas Supply Agreement is entered into in the usual and ordinary course of business of the Group and the transactions under the Natural Gas Supply Agreement will be conducted on an arm's length basis and on normal commercial terms, the Directors consider that the terms of the Natural Gas Supply Agreement are fair and reasonable and the entering into of the Natural Gas Supply Agreement are in the interests of the Group and the Shareholders as a whole. The views of the independent non-executive Directors, after considering the advice from the independent financial adviser, will be set out in the circular to be despatched to the Shareholders.

## **LISTING RULES IMPLICATIONS**

Shaanxi Natural Gas is a shareholder of Xi'an Zhongmin holding 40% equity interests in Xi'an Zhongmin as at the date of this announcement and hence a connected person of the Company. Accordingly, the entering into of the Natural Gas Supply Agreement between Xi'an Zhongmin and Shaanxi Natural Gas constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each or all of the percentage ratios (other than the profits ratio) for the transactions under the Natural Gas Supply Agreement and the purchase of Natural Gas during the Period, is or are on an annual basis more than 5%, the Natural Gas Supply Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Natural Gas Supply Agreement and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Natural Gas Supply Agreement (including the annual cap).

A circular containing, amongst other things, a notice convening the Special General Meeting and further details relating to the Natural Gas Supply Agreement and a letter from an independent financial adviser to be appointed to advise the Independent Board Committee and Independent Shareholders on the Natural Gas Supply Agreement will be despatched to the Shareholders on or before 7 June 2013.

## **DEFINITIONS**

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

"Board"	the board of directors of the Company
"Company"	Chinese People Holdings Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
"connected person"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors
“Independent Shareholders”	Shareholders which are not required to abstain from voting at the general meeting of the Company to approve the Natural Gas Supply Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“m <sup>3</sup> ”	cubic metre(s)
“Natural Gas”	a flammable gaseous fuel and an energy source
“Natural Gas Supply Agreement”	the natural gas supply agreement dated 22 May 2013 and entered into between Xi’an Zhongmin and Shaanxi Natural Gas in relation to the purchase of Natural Gas from Shaanxi Natural Gas by Xi’an Zhongmin for a term commencing from 30 June 2013 until 31 December 2013
“PRC”	The People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	the lawful currency of the PRC
“Shaanxi Natural Gas”	陝西省天然氣股份有限公司 (Shaanxi Provincial Natural Gas Co., Ltd.), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange
“Shares”	ordinary issued share(s) of HK\$0.07 each in the capital of the Company
“Shareholders”	holders of the Shares
“Special General Meeting”	a special general meeting of the Company to be convened to approve the Natural Gas Supply Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xi’an Zhongmin”	西安中民燃氣有限公司 (Xi’an Zhongmin Gas Co., Ltd.*), a company established in the PRC with limited liability and principally engaged in sales and distribution of gas fuel, design of gas fuel pipeline and related maintenance in Xi’an city, Shaanxi Province, PRC and 51% owned subsidiary of the Group
“%”	percent

As at the date of this announcement, the Board comprises seven executive Directors, namely, Mr. Xu Ruixin (Honourable Chairman), Mr. Yang Songsheng (Chairman), Dr. Mo Shikang (Deputy Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Yeung Paak Ching (Co-managing Director), Mr. Jin Song (Co-managing Director) and Mr. Chu Kin Wang Peleus, and four independent non-executive Directors, namely, Dr. Liu Junmin, Mr. Tan Qinglian, Mr. Li Jialin and Mr. Sin Ka Man.

*\* 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 RMB1.0000 to HK\$1.2663. 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.*

By order of the Board of  
**Chinese People Holdings Company Limited**  
**Mr. Jin Song**  
*Co-managing Director and Executive Director*

Beijing, 23 May 2013