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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)**

**CONNECTED TRANSACTIONS  
REGARDING  
EQUITY TRANSFER AGREEMENT  
AND  
DEEMED DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY**

**EQUITY TRANSFER AGREEMENTS**

On 3 April 2013, Beijing Civigas and Xi'an Yanliang Government entered into the Equity Transfer Agreement pursuant to which Xi'an Yanliang Government agreed to transfer 9.15% equity interests in Xi'an Zhongmin to Beijing Civigas at the consideration of RMB9,102,600 (equivalent to approximately HK\$11,415,000). The consideration will be settled by the transfer of not more 29.00% equity interests in Fu Ping Zhongmin held by Beijing Civigas to Xi'an Yanliang Government. The actual percentage of equity interests in Fu Ping Zhongmin to be transferred is subject to the final valuation of Fu Ping Zhongmin performed by an independent valuer in the PRC.

On the same day, Shaanxi Natural Gas and Xi'an Yanliang Government also entered into an equity transfer agreement pursuant to which Xi'an Yanliang Government agreed to transfer 6.88% equity interests in Xi'an Zhongmin to Shaanxi Natural Gas at the consideration of RMB6,842,900 (equivalent to approximately HK\$8,581,000).

After completion of the Equity Transfer Transactions, Beijing Civigas; Xi'an Yanliang Government and Shaanxi Natural Gas will hold 79.15%; 13.97% and 6.88% of Xi'an Zhongmin's registered capital respectively and Xi'an Zhongmin will remain as a subsidiary of the Company.

**CAPITAL INJECTION AGREEMENT**

On 3 April 2013, Beijing Civigas; Shaanxi Natural Gas and Xi'an Yanliang Government entered into the Capital Injection Agreement pursuant to which Shaanxi Natural Gas will subscribe the registered capital of RMB22,080,000 (equivalent to approximately HK\$27,688,000) by injecting the Assets Capital with a valuation of RMB54,902,000 (equivalent to approximately HK\$68,847,000) into Xi'an Zhongmin, increasing its equity interests in Xi'an Zhongmin from 6.88% to 40.00%. Beijing Civigas and Xi'an Yanliang Government will maintain its registered capital of RMB31,660,000 (equivalent to approximately HK\$39,702,000) (after the completion of the Equity Transfer Agreement) and RMB5,590,000 (equivalent to approximately HK\$7,010,000) (after the completion of the Equity Transfer Agreements) respectively and its equity interests in Xi'an Zhongmin will decrease from 79.15% to 51.00% and 13.97% to 9.00%, respectively. After completion of the Capital Injection Transaction, the total registered capital of Xi'an Zhongmin will increase from RMB40,000,000 (equivalent to approximately HK\$50,160,000) to RMB62,080,000 (equivalent to approximately HK\$77,848,000) and will remain a subsidiary of the Company.

## **IMPLICATION UNDER THE LISTING RULES**

Xi'an Yanliang Government is a shareholder of Xi'an Zhongmin holding 30.00% of Xi'an Zhongmin's registered capital (before the Equity Transfer Transactions) and is therefore a connected person of the Company under the Listing Rules. As such the Equity Transfer Agreement constitutes a connected transaction on the part of the Company. Since all applicable percentage ratios (other than the profits ratio) under the Listing Rules exceed 0.1% but are less than 1%, the Equity Transfer Agreement is exempted from reporting announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Xi'an Yanliang Government is the other shareholder of Xi'an Zhongmin holding 13.97% of Xi'an Zhongmin's registered capital after completion of the Equity Transfer Transactions and is therefore a connected person of the Company under the Listing Rules. Since the Transactions are inter-conditional upon each other under the Agreements and the Equity Transfer Transactions must be completed before the Capital Injection Transaction, the Capital Injection Agreement also constitutes connected transaction on the part of the Company.

The Capital Injection Transaction reduces the equity interests of Beijing Civigas in Xi'an Zhongmin. This reduction of equity interests represents a deemed disposal of partial interest in a subsidiary of the Company. As the terms of Capital Injection Transaction are on normal commercial terms and all applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the deemed disposal of partial interest in Xi'an Zhongmin exceed 0.1% but are less than 5%, the Capital Injection Agreement is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EQUITY TRANSFER AGREEMENT**

### **Date of the Agreement**

3 April 2013

### **Parties to the Agreement**

1. Beijing Civigas; and
2. Xi'an Yanliang Government.

### **Details of the Equity Transfer Agreement**

Pursuant to the Equity Transfer Agreement, Xi'an Yanliang Government agreed to transfer 9.15% equity interests in Xi'an Zhongmin to Beijing Civigas at the consideration of RMB9,102,600 (equivalent to approximately HK\$11,415,000). The consideration is determined through arm's length negotiations between Beijing Civigas and Xi'an Yanliang Government and on a commercial basis with reference to the valuation of Xi'an Zhongmin performed by an independent valuer in the PRC. The consideration will be settled by the transfer of not more 29.00% equity interests in Fu Ping Zhongmin held by Beijing Civigas to Xi'an Yanliang Government. The actual percentage of equity interests in Fu Ping Zhongmin to be transferred is subject to the final valuation of Fu Ping Zhongmin performed by an independent valuer in the PRC.

On the same day, Shaanxi Natural Gas and Xi'an Yanliang Government also entered into an equity transfer agreement pursuant to which Xi'an Yanliang Government agreed to transfer 6.88% equity interests in Xi'an Zhongmin to Shaanxi Natural Gas at the consideration of RMB6,842,900 (equivalent to approximately HK\$8,581,000).

After completion of the Equity Transfer Transactions, Beijing Civigas; Xi'an Yanliang Government and Shaanxi Natural Gas will hold 79.15%; 13.97% and 6.88% of Xi'an Zhongmin's registered capital, respectively. Beijing Civigas will hold not less than 51.00% of Fu Ping Zhongmin's registered capital. Xi'an Zhongmin and Fu Ping Zhongmin shall remain as subsidiaries of the Company and the financial information of Xi'an Zhongmin and Fu Ping Zhongmin shall still be consolidated into the consolidated financial statements of the Company.

## **CAPITAL INJECTION AGREEMENT**

### **Date of the Agreement**

3 April 2013

### **Parties to the Agreement**

1. Beijing Civigas,
2. Shaanxi Natural Gas; and
3. Xi'an Yanliang Government.

### **Details of the Capital Injection Agreement**

On 3 April 2013, Beijing Civigas; Shaanxi Natural Gas and Xi'an Yanliang Government entered into the Capital Injection Agreement pursuant to which Shaanxi Natural Gas will subscribe the registered capital of RMB22,080,000 (equivalent to approximately HK\$27,688,000) by injecting the Assets Capital with a valuation of RMB54,902,000 (equivalent to approximately HK\$68,847,000), performed by an independent valuer in the PRC, into Xi'an Zhongmin, increasing its equity interests in Xi'an Zhongmin from 6.88% to 40.00%. The difference between the fair value of Assets Capital and the registered capital subscribed of RMB32,822,000 (equivalent to approximately HK\$41,159,000) will be treated as the capital reserve fund in Xi'an Zhongmin. Beijing Civigas and Xi'an Yanliang Government will maintain its registered capital of RMB31,660,000 (equivalent to approximately HK\$39,702,000) (after the completion of the Equity Transfer Agreement) and RMB5,590,000 (equivalent to approximately HK\$7,010,000) (after the completion of the Equity Transfer Agreements) respectively and its equity interests in Xi'an Zhongmin will decrease from 79.15% to 51.00% and 13.97% to 9.00%, respectively. After completion of the Capital Injection Transaction, the total registered capital of Xi'an Zhongmin will increase from RMB40,000,000 (equivalent to approximately HK\$50,160,000) to RMB62,080,000 (equivalent to approximately HK\$77,848,000) and will remain a subsidiary of the Company. The financial information of Xi'an Zhongmin shall still be consolidated into the consolidated financial statements of the Company.

The capital increase amount and the actual capital amount to be paid are determined based on the capital needs of Xi'an Zhongmin for its business development and with reference to the assets valuation report prepared by the independent valuer and the parties' willingness regarding the Capital Injection Transaction amount.

The board of directors of Xi'an Zhongmin shall comprise five directors and Beijing Civigas, Shaanxi Natural Gas and Xi'an Yanliang Government shall have the right to nominate three, one and one director(s) respectively. The supervisory committee of Xi'an Zhongmin shall consist of three members comprising the representative from each of Beijing Civigas, Shaanxi Natural Gas and Xi'an Yanliang Government.

### **IMPLICATION UNDER THE LISTING RULES**

Xi'an Yanliang Government is a shareholder of Xi'an Zhongmin holding 30.00% of Xi'an Zhongmin's registered capital (before the Equity Transfer Transactions) and is therefore a connected person of the Company under the Listing Rules. As such the Equity Transfer Agreement constitutes a connected transaction on the part of the Company. Since all applicable percentage ratios (other than the profits ratio) under the Listing Rules exceed 0.1% but are less than 1%, the Equity Transfer Agreement is exempted from reporting announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Xi'an Yanliang Government is a shareholder of Xi'an Zhongmin holding 13.97% of Xi'an Zhongmin's registered capital after the Equity Transfer Transactions and is therefore a connected person of the Company under the Listing Rules. Since the Transactions are inter-conditional upon each other under the Agreements and the Equity Transfer Transactions must be completed before the Capital Injection Transaction, the Capital Injection Agreement constitutes connected transaction on the part of the Company.

The Capital Injection Transaction reduces the equity interests of Beijing Civigas in Xi'an Zhongmin. This reduction of equity interests represents a deemed disposal of partial interest in a subsidiary of the Company. As the terms of Capital Injection Transaction are on normal commercial terms and all applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the deemed disposal of partial interest in Xi'an Zhongmin exceed 0.1% but are less than 5%, the Capital Injection Agreement is subject to the reporting and announcement requirements but exempt from under independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### Information of Xi'an Zhongmin and Fu Ping Zhongmin

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.

The following table details certain financial information of Xi'an Zhongmin:

	<b>Year ended</b> <b>31 March 2011</b>	<b>Year ended</b> <b>31 March 2012</b>	<b>Six months</b> <b>period ended</b> <b>30 September</b> <b>2012</b>
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Net asset value	84,822	93,295	95,993
Revenue	85,443	111,707	43,147
Net Profit before taxation	6,576	11,780	2,659
Net Profit after taxation	5,405	9,605	3,057

Fu Ping Zhongmin is a company established in the PRC with limited liability and principally engaged in distribution and supply of gas fuel in Fu Ping County, Shaanxi Province, PRC.

The following table details certain financial information of Fu Ping Zhogmin:

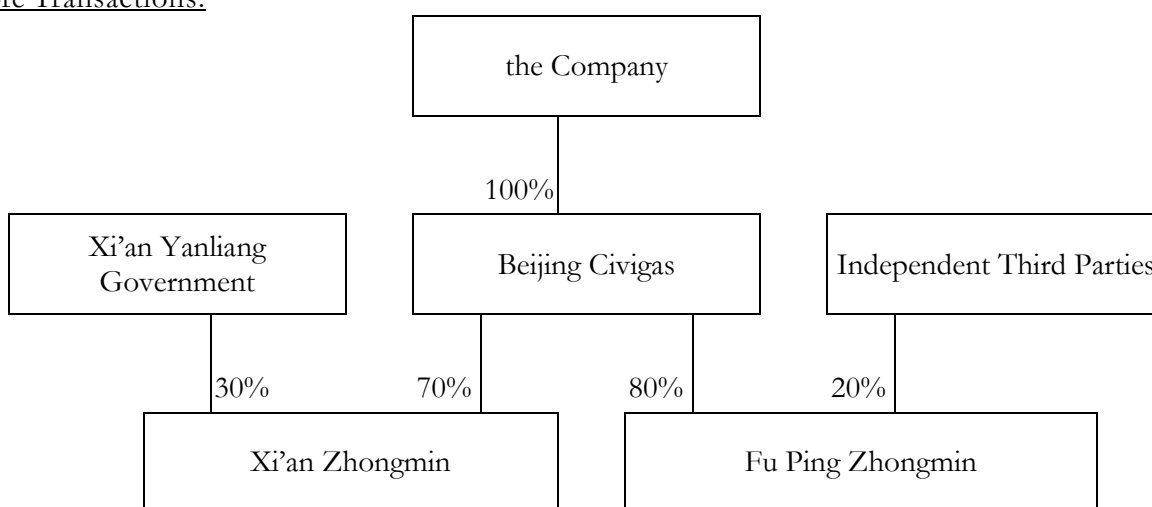
	<b>Year ended</b> <b>31 March 2011</b>	<b>Year ended</b> <b>31 March 2012</b>	<b>Six months</b> <b>period ended</b> <b>30 September</b> <b>2012</b>
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Net asset value	25,967	29,934	30,497
Revenue	24,937	30,848	8,758
Net Profit before taxation	3,415	3,551	917
Net Profit after taxation	3,071	2,996	678

The following table summary of the shareholding structure of Xi'an Zhongmin before and after the Transactions:

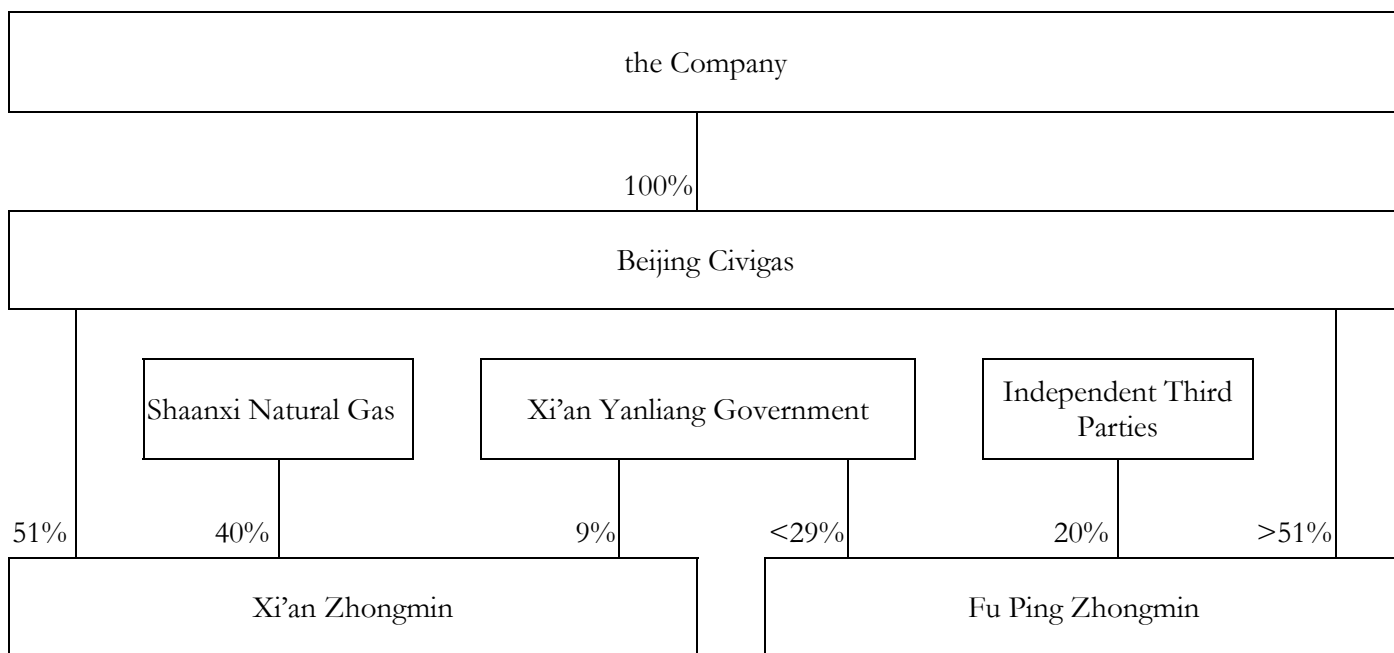
Name of shareholders	Current capital contribution before Transactions RMB	Capital contribution amount after Equity Transfer Transactions RMB	Capital Injection Transaction amount RMB	Amount of actual capital to be paid RMB	Method of capital injection	Accumulated capital contribution amount after the Transactions RMB	Current share-holding %	Shareholding after the Equity Transfer Transactions %	Shareholding after the Transactions %
Beijing Civigas	28,000,000	31,660,000	-	-	n/a	31,660,000	70.00	79.15	51.00
Xi'an Yanliang Government	12,000,000	5,590,000	-	-	n/a	5,590,000	30.00	13.97	9.00
Shaanxi Natural Gas	-	2,750,000	22,080,000	54,902,000	Assets	24,830,000	-	6.88	40.00
	40,000,000	40,000,000				62,080,000	100.00	100.00	100.00

The following diagrams outline the Company and its interests in its relevant subsidiaries before and after the Transactions:

Before Transactions:



After the Transactions



## REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Directors believe that the Agreements can strengthen the capital base of Xi'an Zhongmin, the introduction of Shaanxi Natural Gas can create synergic effect in the distribution and supply of gas fuel in the region, and to strengthen the local market shares and jointly develop new markets.

The Directors (including the independent non-executive Directors) consider that the Agreements are in the ordinary and usual course of business of the Company and the terms of the Agreements have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

## DEFINITIONS

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

“Agreements”	together the Equity Transfer Agreements and the Capital Injection Agreement
“Assets Capital”	the double track gas pipeline project from Yihe to Yangliang in the valuation of RMB54,902,000 (equivalent to approximately HK\$68,847,000), performed by independent valuer in the PRC
“Beijing Civigas”	北京中民燃氣有限公司 (Beijing Civigas Co., Ltd.*), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“Board”	the board of directors of the Company
“Capital Injection Agreement”	the capital injection agreement dated 3 April 2013 entered into amongst Beijing Civigas, Shaanxi Natural Gas and Xi'an Yanliang Government relating to the Capital Injection Transaction
“Capital Injection Transaction”	Shaanxi Natural Gas will subscribe the registered capital of RMB22,080,000 (equivalent to approximately HK\$27,688,000) by inject the Assets Capital into Xi'an Zhongmin, increasing its equity interests in Xi'an Zhongmin from 6.88% to 40.00%. Beijing Civigas and Xi'an Yanliang Government will maintain its registered capital in Xi'an Zhongmin of RMB31,660,000 (equivalent to approximately HK\$39,702,000) (after the completion of the Equity Transfer Agreement) and RMB5,590,000 (approximately HK\$7,010,000) (after the completion of the Equity Transfer Agreements) respectively and its equity interests in Xi'an Zhongmin will decrease from 79.15% to 51.00% and 13.97% to 9.00%, respectively
“Company”	Chinese People Holdings Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Equity Transfer Agreement”	the equity transfer agreement dated 3 April 2013 entered into between Beijing Civigas and Xi'an Yanliang Government relating to the Equity Transfer Transactions
“Equity Transfer Agreements”	together the Equity Transfer Agreement and the equity transfer agreement dated 3 April 2013 entered into between Shaanxi Natural Gas and Xi'an Yanliang Government relating to the Equity Transfer Transactions
“Equity Transfer Transactions”	Xi'an Yanliang Government agreed to transfer 9.15% and 6.88% equity interests in Xi'an Zhongmin to Beijing Civigas and Shaanxi Natural Gas at the consideration of RMB9,102,600 (equivalent to approximately HK\$11,415,000) and RMB6,842,900 (equivalent to approximately HK\$8,581,000) respectively

“Fu Ping Zhongmin”	富平縣中民燃氣有限公司 (Fu Ping County Zhongmin Gas Co., Ltd.*), a company established in the PRC with limited liability and principally engaged in distribution and supply of gas fuel in Fu Ping County, Shaanxi Province, PRC and 80% owned subsidiary of the Company
“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
“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” , “Renminbi”	the lawful currency of the PRC
“Shaanxi Natural Gas”	陝西省天然氣股份有限公司 (Shaanxi Province 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	together the Equity Transfer Transactions and Capital Injection Transaction
“Xi’an Yanliang Government”	西安市閩良區人民政府 (Xi’an Yanliang District People's Government*)
“Xi’an Zhongmin”	西安中民燃氣有限公司 (Xi’an Zhongmin Gas Co., Ltd.*), a company established in the laws of 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 70% owned subsidiary of the Company
“%”	Percentage

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 RMB1.000 to HK\$1.254. 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, 5 April 2013