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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: DISPOSAL OF ASSETS IN GUIZHOU**

The Board announces that on 19 March 2011 Guizhou Zhongmin, an indirectly wholly owned subsidiary of the Company and Guiyang Railway Construction entered into the Agreement pursuant to which Guizhou Zhongmin shall sell the Assets to Guiyang Railway Construction at a total cash consideration of RMB66,206,071.20 (equivalent to approximately HK\$78,653,000). The Ministry of Railways of the PRC has also agreed to rebuild the exclusive railway line owned by Guizhou Zhongmin according to the existing standards.

As an applicable percentage ratio of the Disposal exceeds 5% but all the applicable percentage ratios 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 under the Listing Rules.

#### **THE AGREEMENT**

**Date:** 19 March 2011

**Parties:** (1) Vendor : Guizhou Zhongmin  
(2) Purchaser : Guiyang Railway Construction

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guiyang Railway Construction is a government administration department in Guiyang and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

*\* for identification purpose only*

**Assets to be disposed of:**

The Land situates at 中國貴州省貴陽市花溪區孟關鄉改毛村(Gaimao Village, Mengguan Xiang, Huaxi District, Guiyang City, Guizhou Province, the PRC<sup>#</sup>), occupying an area of approximately 29,267 square metres.

The total gross floor area of the Plant erected on the Land is approximately 2,771 square metres.

The Equipment mainly consisted of (i) three 1,500-cubic metre ball storage tanks; (ii) five 100-cubic metre horizontal storage tanks; and (iii) approximately 550 metres of the exclusive railway line. The total storage capacity of the Equipment is approximately 5,000 cubic metres.

The Assets was acquired by the Guizhou Zhongmin in 2007 and has not been used by the Group since its acquisition. The unaudited aggregate net book value of the Assets is approximately HK\$22,425,000 as at 30 September 2010. For the two financial years immediately preceding the Disposal, no net profits and revenue were attributable to the Assets.

As the LPG storage and distribution station has yet to operate, the Board considers that the Disposal has no material adverse impact on the existing business operations of the Group. The Group intends to acquire a new parcel of land to re-construct the LPG storage and distribution station in Guiyang City. The gas station design proposal is still in discussion and the total re-construction cost for station is yet to be determined. The Directors consider the re-construction cost shall not exceed the total consideration received.

**Consideration**

The total consideration for the Disposal is RMB66,206,071.20 (equivalent to approximately HK\$78,653,000) and shall be satisfied by the Purchaser in the following manner:

- (a) RMB39,723,642.72 (equivalent to approximately HK\$47,192,000) shall be payable in cash by Guiyang Railway Construction to Guizhou Zhongmin within five business days after the date of the Agreement;
- (b) RMB19,861,821.36 (equivalent to approximately HK\$23,596,000) shall be payable in cash by Guiyang Railway Construction to Guizhou Zhongmin within five business days after the Completion; and
- (c) RMB6,620,607.12 (equivalent to approximately HK\$7,865,000) shall be payable in cash by Guiyang Railway Construction to Guizhou Zhongmin within five business days after the public notice period.

As set out in the Agreement, on the second day after the date of the Agreement, Guiyang Railway Construction shall place the information of the Disposal on public notice, the public notice period shall be 15 days.

The consideration was arrived at after making reference to the preliminary valuation conducted on the Assets of approximately RMB 66 million (equivalent to approximately HK\$78.4 million) by mutually appointed independent valuer in the PRC and other compensations calculated based on the prevailing standard compensation rates.

Pursuant to the 《關於貴陽改貌鐵路貨運中心初步設計的批複》 (Reply on Preliminary Design of the Changes to the Guiyang Rail Freight Centre<sup>#</sup>) dated 8 September 2009 issued by the Ministry of Railways of the PRC, the Ministry of Railways of the PRC has agreed to rebuild the exclusive railway line owned by Guizhou Zhongmin according to the existing standards. It is estimated that the cost for the rebuilding of the exclusive railway line is approximately RMB6,500,000 (equivalent to approximately HK\$7,722,000).

## **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 Disposal was a result of the municipal construction of 貴陽市域改貌鐵路貨運中心 (the Guiyang city rail freight centre<sup>#</sup>) and therefore Guizhou Zhongmin has to surrender the Land back to the government authority by way of the Disposal.

The consideration of RMB66,206,071.20 is compensation payable to Guizhou Zhongmin and was made in accordance with 《中華人民共和國城市房地產管理條例》 (Rules of the People's Republic of China on Urban Real Estate Administration<sup>#</sup>) and 《貴陽市房屋拆遷管理辦法》 (Administration Approach of the Guizhou City for the Demotion of Housing Units<sup>#</sup>) and the relevant rules and regulations.

The Directors consider that the Agreement was entered into under normal commercial terms following arm's length negotiations between the Group and Guiyang Railway Construction and that the terms of the Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

It is estimated that, upon Completion, the Group will record a gain on disposal of approximately HK\$56,228,000. Such gain is estimated based on the consideration receivable from the Disposal, i.e. approximately HK\$78,653,000, less the unaudited net book value of the Assets of approximately HK\$22,425,000 as at 30 September 2010 and other related costs and expenses. In addition, the Group is entitled to a new exclusive railway line to be rebuilt by the Ministry of Railways of the PRC, where the estimated non-monetary compensation value is approximately HK\$7,722,000.

The Board intends to use the net sale proceeds arising from the Disposal to purchase a new parcel of land to reconstruct the LPG storage and distribution station in Guiyang City and as general working capital of the Group.

## **GENERAL**

As an applicable percentage ratio of the Disposal exceeds 5% but all the applicable percentage ratios 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 under the Listing Rules.

## DEFINITIONS

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

“ <b>Assets</b> ”	the Land, the Plant and the Equipment
“ <b>Board</b> ”	the board of Directors
“ <b>Company</b> ”	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
“ <b>Completion</b> ”	completion of the of the transfer procedures of the Land and the Plant and the Equipment pursuant to the terms and conditions of the Agreement
“ <b>connected persons</b> ”	has the meaning ascribed to it under the Listing Rules
“ <b>Directors</b> ”	directors (including the independent non-executive directors) of the Company from time to time
“ <b>Disposal</b> ”	the disposal of the Assets subject to and upon the terms and conditions of the Agreement
“ <b>Equipment</b> ”	the facilities erected on the Land, mainly consisted of (i) three 1,500-cubic metre ball storage tanks; (ii) five 100-cubic metre horizontal storage tanks; and (iii) approximately 550 metres of the exclusive railway line
“ <b>Group</b> ”	the Company and its subsidiaries
“ <b>Guiyang Railway Construction</b> ”	貴陽鐵路建設有限公司 (Guiyang Railway Construction Co., Ltd. <sup>#</sup> ), a state-owned limited liability company established in the PRC
“ <b>Guizhou Zhongmin</b> ”	貴州中民燃氣有限公司 (Guizhou Zhongmin Gas Co., Ltd. <sup>#</sup> ), a wholly foreign-owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the PRC
“ <b>Land</b> ”	a parcel of land situate at 中國貴州省貴陽市花溪區孟關鄉改毛村 (Gaimao Village, Mengguan Xiang, Huaxi District, Guiyang City, Guizhou Province, PRC <sup>#</sup> ), occupying an area of approximately 29,267 square metres
“ <b>Listing Rules</b> ”	the Rules Governing the Listing of Securities on the Stock Exchange

“LPG”	Liquefied petroleum gas
“Plant”	the plant erected on the Land with the total gross floor area of the approximately 2,771 square metres
“PRC”	the People’s Republic of China
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC

# *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, 24 March 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\$1.188 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.*