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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 49.9% INTERESTS IN SOUTHWEST PANVA**

The Board is pleased to announce that Beijing Zhonglian, an indirect wholly owned subsidiary of the Company, and Guizhou Gas entered into the Agreement pursuant to which Beijing Zhonglian has agreed to purchase and Guizhou Gas has agreed to sell the Sale Capital for a total cash consideration of RMB35,000,000 (equivalent to approximately HK\$41,580,000).

As an applicable percentage ratio of the Acquisition 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: 25 March 2011

Parties: (1) Vendor : Guizhou Gas  
(2) Purchaser : Beijing Zhonglian

Guizhou Gas is principally engaged in the operation of city gas pipeline network and related services and gas pipeline construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guizhou Gas and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

*\* for identification purpose only*

## **SALE CAPITAL TO BE ACQUIRED**

Pursuant to the Agreement, Guizhou Gas have agreed to sell and Beijing Zhonglian has agreed to acquire the Sale Capital, representing 49.9% of the entire registered capital and paid up capital of Southwest Panva as at the date of this announcement.

## **CONSIDERATION**

The total consideration for the Acquisition is RMB35,000,000 (equivalent to approximately HK\$41,580,000) and shall be satisfied by Beijing Zhonglian in the following manner:

- (a) RMB6,125,000 (equivalent to approximately HK\$7,277,000) shall be payable in cash by Beijing Zhonglian via Guizhou Yangguang (act as a agent) to Guizhou Gas within three business days after the date of the Agreement; and
- (b) RMB28,875,000 (equivalent to approximately HK\$34,303,000) shall be payable in cash by Beijing Zhonglian to Guizhou Yangguang within ten business days after the date of the Agreement and thereafter Guizhou Yangguang will forward to Guizhou Gas within 3 business days after the Completion.

The Consideration was determined with reference to the unaudited net asset value of Southwest Panva as at 30 June 2010 of approximately RMB77,783,000 (equivalent to approximately HK\$92,406,000). The Group acquired the Sale Capital from bid auction and RMB875,000 (equivalent to approximately HK\$1,039,000) has paid as commission by Beijing Zhonglian to Guizhou Yangguang. 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. Upon Completion, which is expected to be in April 2011, Southwest Panva will become a jointly controlled entity of the Group.

## **INFORMATION ON SOUTHWEST PANVA**

Southwest Panva is principally engaged in wholesaling and retailing of LPG in Guizhou Province, the PRC. According to the unaudited financial statements of Southwest Panva for the year ended 31 December 2009, which is prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB141,819,000 (equivalent to approximately HK\$168,481,000) and the net profit before and after tax and extraordinary items was approximately RMB8,371,000 (equivalent to approximately HK\$9,945,000) and approximately RMB6,497,000 (equivalent to approximately HK\$7,718,000) respectively.

According to the unaudited financial statements of Southwest Panva for the year ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB170,956,000 (equivalent to approximately HK\$203,096,000) and the net profit before and after tax and extraordinary items was approximately RMB11,651,000 (equivalent to approximately HK\$13,841,000) and approximately RMB8,714,000 (equivalent to approximately HK\$10,352,000) respectively. The unaudited net asset value of Southwest Panva was approximately RMB88,258,000 (equivalent to approximately HK\$104,851,000) 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 Guizhou 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 Guizhou 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 an applicable percentage ratio of the Acquisition 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:

“Acquisition”	Acquisition of the 49.9% equity interests in Southwest Panva
“Agreement”	the 49.9% equity interests transfer agreement dated 25 March 2011 and entered into between Guizhou Gas and Beijing Zhonglian in relation to the sale and purchase of the Sale Capital

“Beijing Zhonglian” & “Purchaser”	北京中聯華安投資有限公司 (Beijing Zhonglian Huanan Investment Co., Ltd. <sup>#</sup> ), 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”	Consideration has been satisfied 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 RMB35,000,000 (equivalent to approximately HK\$41,580,000) to be satisfied by Beijing Zhonglian to Guizhou Gas for the sale and purchase of the Sale Capital
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“Group”	the Company and its subsidiaries
“Guizhou Gas” & “Vendor”	貴州燃氣(集團)有限責任公司 (Guizhou Gas (Group) Co., Ltd. <sup>#</sup> ), limited liability company established in the PRC
“Guizhou Yangguang”	貴州陽光產權交易所有限公司 (Guizhou Yangguang Assets Exchange Co. Ltd. <sup>#</sup> ), a limited liability company established in the PRC, is an entity which provides professional service, regarding assets exchange and capital operation, etc.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“LPG”	liquefied petroleum gas
“Southwest Panva”	百江西南燃氣有限公司 (Pan River Gas (China Southwest) Co., Ltd. <sup>#</sup> ), a sino-foreign equity joint venture company established in the PRC
“PRC”	the People’s Republic of China
“Sale Capital”	49.9% of the registered and paid up capital of Southwest 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“%”	per cent.

<sup>#</sup> *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, 28 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.*