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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

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On 12 November 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 1 January 2014 to 31 December 2016.

As at the date of this announcement, Shaanxi Natural Gas is a shareholder of Xi'an Zhongmin holding 40% equity interests in Xi'an Zhongmin and hence a connected person of the Company. The entering into of the Natural Gas Supply Agreement between Xi'an Zhongmin and Shaanxi Natural Gas constitutes continuing connected transactions on the part of 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 will be 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 matters, further details relating to the Natural Gas Supply Agreement, 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 and a notice to convene the Special General Meeting will be despatched to the Shareholders on or before 27 November 2013.

NATURAL GAS SUPPLY AGREEMENT

Date : 12 November 2013

Parties : Xi'an Zhongmin; and
Shaanxi Natural Gas

As at the date of this announcement, Shaanxi Natural Gas is a shareholder of Xi'an Zhongmin holding 40% equity interests in Xi'an Zhongmin and hence a connected person of the Company. The entering into of the Natural Gas Supply Agreement between Xi'an Zhongmin and Shaanxi Natural Gas constitutes continuing connected transactions on the part of 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 1 January 2014 until 31 December 2016.

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.

Annual cap

The annual cap for the transactions for each of the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 under the Natural Gas Supply Agreement will be RMB121,603,000, RMB140,015,000 and RMB162,421,000 respectively.

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 three years ending 31 December 2016.

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

	Volume (‘000 m ³)	RMB'000
For the year ended 31 March		
2011 (audited)	45,334	64,334
2012 (audited)	50,032	78,243
2013 (audited)	54,242	85,860
For the six months ended 30 September 2013 (unaudited)	19,224	30,909

Transactions between Xi'an Zhongmin and Shaanxi Natural Gas in the 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.

Transactions between Xi'an Zhongmin and Shaanxi Natural Gas during the period from 31 March 2013 to 31 December 2013 were attributable to the contract entered into between Xi'an Zhongmin and Shaanxi Natural Gas, details of which have been disclosed in the announcement and circular of the Company dated 23 May 2013 and 8 July 2013 respectively.

Payment terms

Advance payment of RMB2,400,000 will be paid to Shaanxi Natural Gas in January 2014. This advance payment will be used to settle the prices of the Natural Gas to be purchased by Xi'an Zhongmin under the Natural Gas Supply Agreement.

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 a Natural Gas and liquefied petroleum gas services operator in the PRC, principally engaged in the investment, construction and management of city gas pipeline infrastructure, distribution of Natural Gas and liquefied petroleum gas to residential, industrial and commercial users and involved in the lottery agency in the PRC.

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

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

As each or all of the percentage ratios (other than the profits ratio) for 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 will be 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 matters, further details relating to the Natural Gas Supply Agreement, 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 and a notice to convene the Special General Meeting will be despatched to the Shareholders on or before 27 November 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
“Gas Fuel”	collectively, the Natural Gas and liquefied petroleum gas
“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 ³ ”	cubic metre(s)

“Natural Gas”	a flammable gaseous fuel and an energy source
“Natural Gas Supply Agreement”	the natural gas supply agreement dated 12 November 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 1 January 2014 until 31 December 2016
“Period”	1 January 2014 to 31 December 2016
“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

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

Beijing, 12 November 2013

As at the date of this announcement, the Board comprises four Executive Directors, namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Jin Song (Managing Director) and Mr. Chu Kin Wang Peleus, and three Independent Non-executive Directors, namely, Dr. Liu Junmin, Prof. Zhao Yanyun 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.*