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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Chinese People Holdings Company Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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 100% INTERESTS IN TIAN AN TRADING**

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A letter from the board of directors of Chinese People Holdings Company Limited is set out on pages 4 to 9 of this circular.

18 January 2008

\* *for identification purpose only*

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## DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Chinese People Holdings Company Limited, an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Debt Transfer Agreement”	the agreement dated 31 December 2007 and entered into among the Seller, Tian An Group, Mr. Ma and Tian An Trading pursuant to which the debt owed to Tian An Trading by the Seller shall be jointly assumed by Tian An Group and Mr. Ma in lieu of their respective payment obligation under the Equity Transfer Agreements and the Seller will cease to have any obligation and liability to repay Tian An Trading
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire interests in Tian An Trading by the Seller as to 95% and 5% respectively to Tian An Group and Mr. Ma pursuant to the terms and conditions of the Equity Transfer Agreements and the Debt Transfer Agreement
“Equity Transfer Agreements”	together the Tian An Agreement and the Mr. Ma’s Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company or any of its connected persons

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## DEFINITIONS

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“Latest Practicable Date”	15 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ma”	馬春生先生 (Mr. Ma Chunsheng), a citizen of the PRC
“Mr. Ma’s Agreement”	the agreement dated 31 December 2007 entered into between the Seller and Mr. Ma in relation to the disposal of 5% interest in Tian An Trading
“PRC”	the People’s Republic of China
“Seller”	北京中民燃氣有限公司 (Beijing Zhongmin Gas Company Limited#), an enterprise established under the PRC laws and a wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.07 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tian An Agreement”	the agreement dated 31 December 2007 entered into between the Seller and Tian An Group in relation to the disposal of 95% interest in Tian An Trading
“Tian An Group”	合肥天安集團有限公司 (Hefei Tian An Group Co. Ltd.#), a company established in the PRC with limited liability and an Independent Third Party
“Tian An Trading”	合肥天安經貿有限公司 (Hefei Tian An Trading Co. Ltd.#), a wholly foreign-owned enterprise established under the PRC laws and an indirect wholly-owned subsidiary of the Company

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

# *The English transliteration of the Chinese names in this circular, where indicated, is included for identification purpose only, and should not be regarded as the official English names of such Chinese names.*

*For the purpose of this circular only, unless otherwise specified, conversion of HK\$ into RMB is based on the approximate exchange rate of RMB100 to HK\$96. The exchange rate is for illustration purpose only and does not constitute a representation to any amounts have been, could have been or may be exchanged at this or any other rates at all.*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Xu Ruixin

Dr. Mo Shikang

Mr. Zhu Peifeng

Mr. Zhang Hesheng

Mr. Jin Song

Mr. Wong Ching

*Independent Non-executive Directors:*

Mr. Liu Junmin

Mr. Tan Qinglian

Mr. Sin Ka Man

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office:*

No. 36 BDA International Business Park

No. 2 Jingyuan North Street

Economic Technological

Development Area

Beijing, 100176, China

*Principal place of business in Hong Kong:*

Unit 2113, 21st Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

18 January 2008

*To the Shareholders*

Dear Sir or Madam

### DISCLOSEABLE TRANSACTION

### DISPOSAL OF 100% INTERESTS IN TIAN AN TRADING

#### INTRODUCTION

Reference is made to the announcement of the Company dated 2 January 2008 in which the Board announced that on 31 December 2007, the Seller, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreements with Tian An Group and Mr. Ma respectively in

\* for identification purpose only

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## LETTER FROM THE BOARD

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relation to the disposal of 95% and 5% interests in Tian An Trading by the Seller to Tian An Group and Mr. Ma respectively for an aggregate consideration of RMB134,320,000 (approximately HK\$139,917,000), which would be settled by Tian An Group and Mr. Ma by way of jointly assuming the debt owed by the Seller to Tian An Trading under the Debt Transfer Agreement.

The Disposal and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further details regarding the Disposal and the transactions contemplated thereunder.

### **I. THE TIAN AN AGREEMENT**

#### **Date**

31 December 2007

#### **Parties**

The Seller, a wholly-owned subsidiary of the Company; and

Tian An Group, a company principally engaged in the operation of bowling halls, snookers rooms and gymnasium, and in interior and external design

To the best knowledge, information and belief of the Directors, after making all reasonable enquiries, Tian An Group and its beneficial owners are Independent Third Parties.

There was no prior business relationship or transactions between the Group and Tian An Group and its beneficial owners which would require aggregation under the Listing Rules.

#### **Assets to be disposed**

The assets to be disposed by the Seller are its 95% interest in Tian An Trading.

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## LETTER FROM THE BOARD

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### **Consideration**

Pursuant to the Tian An Agreement, the Seller has agreed to dispose of 95% interest in Tian An Trading to Tian An Group at a consideration of RMB127,604,000 (approximately HK\$132,921,000), which was arrived at after arm's length negotiations between the parties thereto with reference to the net asset value of Tian An Trading of approximately RMB129,673,000 (approximately HK\$135,076,000) as at 30 September 2007 and the intra-Group debt of RMB134,320,000 (approximately HK\$139,917,000) owed by Seller to Tian An Trading. Under the Tian An Agreement and the Debt Transfer Agreement, the consideration shall be settled by Tian An Group by way of assuming the debt owed by the Seller to Tian An Trading.

## **II. THE MR. MA'S AGREEMENT**

### **Date**

31 December 2007

### **Parties**

The Seller, a wholly-owned subsidiary of the Company; and

Mr. Ma, a citizen of the PRC

To the best knowledge, information and belief of the Directors, after making all reasonable enquiries, Mr. Ma is an Independent Third Party.

There was no prior business relationship or transactions between the Group and Mr. Ma which would require aggregation under the Listing Rules.

### **Assets to be disposed**

The assets to be disposed by the Seller are its 5% interest in Tian An Trading.

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## LETTER FROM THE BOARD

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### **Consideration**

Pursuant to the Mr. Ma's Agreement, the Seller has agreed to dispose of 5% interest in Tian An Trading to Mr. Ma at a consideration of RMB6,716,000 (approximately HK\$6,996,000), which was arrived at after arm's length negotiations between the parties with reference to the net asset value of Tian An Trading of approximately RMB129,673,000 (approximately HK\$135,076,000) as at 30 September 2007 and the intra-Group debt of RMB134,320,000 (approximately HK\$139,917,000) owed by Seller to Tian An Trading. Under the Mr. Ma's Agreement and the Debt Transfer Agreement, the consideration shall be settled by Mr. Ma by way of assuming the debt owed by the Seller to Tian An Trading.

### **Completion of the Tian An Agreement and the Mr. Ma's Agreement**

Upon the completion of the Tian An Agreement and the Mr. Ma's Agreement, Tian An Trading shall cease to be an indirect wholly-owned subsidiary of the Company and the Group will cease to hold any interests in Tian An Trading. There will be no sale proceeds arising from the Disposal.

### **III. THE DEBT TRANSFER AGREEMENT**

#### **Date**

31 December 2007

#### **Parties**

The Seller, a wholly-owned subsidiary of the Company;

Tian An Group, a company principally engaged in the operation of bowling halls, snookers rooms and gymnasium, and in interior and external design;

Mr. Ma, a citizen of the PRC; and

Tian An Trading, a company principally engaged in sales and distribution of construction materials, household appliances, stationeries, office equipments and textile materials.

To the best knowledge, information and belief of the Directors, after making all reasonable enquiries, Tian An Group and Mr. Ma are Independent Third Parties. Immediately before the completion of the Disposal, Tian An Trading was an indirect wholly-owned subsidiary of the Company.

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## LETTER FROM THE BOARD

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### **Principal terms of the Debt Transfer Agreement**

Under the Debt Transfer Agreement, the parties thereto have agreed and confirmed that Tian An Group and Mr. Ma shall jointly assume the debt of an aggregate amount of RMB134,320,000 (approximately HK\$139,917,000) owed by the Seller to Tian An Trading and the Seller shall cease to have any obligation and liability on repayment to Tian An Trading. In consideration of that, Tian An Group and Mr. Ma shall not need to pay the total consideration of RMB134,320,000 (approximately HK\$139,917,000) to the Seller for the transfer of Tian An Trading's equity interests under the Equity Transfer Agreements.

### **INFORMATION ON TIAN AN TRADING**

Tian An Trading is an entity established in the PRC in 2000 under the PRC laws, with a registered capital of RMB140,000,000 (approximately HK\$145,833,000), and is principally engaged in sales and distribution of construction materials, household appliances, stationeries, office equipments and textile materials. It currently does not have any business operation.

The net losses of Tian An Trading before and after taxation and extraordinary items for the financial year ended 31 March 2006 were approximately RMB131,000 (approximately HK\$136,000) and RMB131,000 (approximately HK\$136,000) respectively. The net losses of Tian An Trading before and after taxation and extraordinary items for the financial year ended 31 March 2007 are approximately RMB230,000 (approximately HK\$239,000) and RMB230,000 (approximately HK\$239,000) respectively.

The total net asset value and net liability value of Tian An Trading (disregarding the intra-Group debt of RMB134,320,000 owed by Seller to Tian An Trading) as at 30 September 2007 were approximately RMB129,673,000 (approximately HK\$135,076,000) and approximately RMB4,647,000 (approximately HK\$4,840,000) respectively.

It is expected that the Group will record a consolidated loss of approximately HK\$5,615,000 on the Disposal based on the net asset value of Tian An Trading as at 30 September 2007 and the corresponding goodwill of RMB129,673,000 (approximately HK\$135,076,000) and RMB10,038,000 (approximately HK\$10,456,000) respectively as recorded in the books of the Group. It is estimated that upon completion of the Disposal, the Group will record a decrease in both the assets and liabilities as the results of Tian An Trading will cease to be consolidated with that of the Group together with the write-off of corresponding goodwill. Besides, as Tian An Trading does not have any active operation, it is expected that the Disposal will not have any material financial or operational impact on the Group.

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL

The Group is principally engaged in transmission, distribution, supplies and connection of piped natural gas, transportation, distribution and retailing of bottled liquefied petroleum gas as well as supply of video lottery systems and equipment in the PRC.

Tian An Trading currently does not have any active business operation and, therefore will not contribute to the earnings of the Group. Its scope of business is also not in line with the development plan of the Group. The Directors are of the view that, in the long run, the Disposal will be able to optimise the business structure and streamline administrative expenses of the Group, which are in line with the future development strategy of the Group.

The Directors (including the independent non-executive Directors of the Company) are of the view that the terms of the Equity Transfer Agreements and the Debt Transfer Agreement, which are arrived at after arm's length negotiations between the relevant parties, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

### LISTING RULES IMPLICATION

The Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix of this circular.

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

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (A) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

#### (i) Long position in the Shares

Name	Capacity	Number of Shares	Approximate percentage of issued share capital
Asian Allied Limited ("Asian Allied")	Through controlled corporation	1,000,798,538 (Note 1)	24.80%
Super Win Development Limited ("Super Win")	Beneficial owner	1,000,798,538 (Note 1)	24.80%
Mo Shikang	Through controlled corporation	1,000,798,538 (Notes 1 & 2)	24.80%
Zhu Peifeng	Beneficial owner	2,600,000	0.06%
Zhang Hesheng	Beneficial owner	2,600,000	0.06%

*Notes:*

1. Asian Allied is interested in the 1,000,798,538 Shares registered under the name of Super Win, its wholly-owned subsidiary. Asian Allied is owned as to 42.75%, 22.39%, 22.39% and 12.47% by Mo Shikang, Zhu Peifung, Zhang Hesheng and Yuan Yakang respectively.
2. Dr. Mo Shikang, an executive Director, is the beneficial owner of 42.75% of the issued share capital of Asian Allied. Pursuant to the SFO, Dr. Mo Shikang is deemed to be interested in the 1,000,798,538 Shares in which Asian Allied has an attributable interest. Dr. Mo Shikang is also interested in 1,410,000 share options as disclosed below.

*(ii) Long position in the underlying Shares*

Name of Director	Nature of interest	No. of share options	Exercise period	Exercise price per Share HK\$
Mo Shikang	Beneficial owner	750,000	18 October 2007 to 1 October 2010	0.530
		660,000	1 May 2008 to 14 April 2011	0.514
Zhu Peifeng	Beneficial owner	7,500,000	18 October 2007 to 1 October 2010	0.530
		2,500,000	1 May 2008 to 14 April 2011	0.514
Zhang Hesheng	Beneficial owner	7,500,000	18 October 2007 to 1 October 2010	0.530
		2,500,000	1 May 2008 to 14 April 2011	0.514
Jin Song	Beneficial owner	7,500,000	18 October 2007 to 1 October 2010	0.530
		2,500,000	1 May 2008 to 14 April 2011	0.514
Wong Ching	Beneficial owner	7,500,000	18 October 2007 to 1 October 2010	0.530
		2,500,000	1 May 2008 to 14 April 2011	0.514
Liu Junmin	Beneficial owner	2,700,000	18 October 2007 to 1 October 2010	0.530
		900,000	1 May 2008 to 14 April 2011	0.514
Sin Ka Man	Beneficial owner	2,700,000	18 October 2007 to 1 October 2010	0.530
		900,000	1 May 2008 to 14 April 2011	0.514

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

**(B) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

**(i) Interests in the Shares and underlying Shares**

Name of substantial Shareholder	Nature of interest	No. of Shares and/or underlying Shares held	Position	Approximate percentage of issued share capital
Asian Allied	Through controlled corporation	1,000,798,538 (Note 1)	Long	24.80%
Super Win	Beneficial owner	1,000,798,538 (Note 1)	Long	24.80%
Merrill Lynch & Co., Inc. ("Merrill Lynch")	Through controlled corporation	264,609,815 (Note 2)	Long	6.56%
Indopark Holdings Ltd. ("Indopark")	Beneficial owner	264,609,815 (Note 2)	Long	6.56%

*Notes:*

- Super Win holds 1,000,798,538 Shares of the Company and is a wholly owned subsidiary of Asian Allied. Asian Allied is accordingly deemed to be interested in the 1,000,798,538 Shares held by Super Win.

2. Indopark entered into a subscription agreement with the Company on 30 May 2006 to subscribe for US\$40,000,000 convertible bonds (the “**Convertible Bonds**”) issued by the Company. The Convertible Bonds were issued to Indopark on 15 June 2006. By virtue of Indopark being an indirect wholly-owned subsidiary of Merrill Lynch, Merrill Lynch is deemed to be interested in the 264,609,815 underlying Shares held by Indopark.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company), including companies of which the Director/proposed directors is an employee, who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### **3. DIRECTORS’ SERVICE CONTRACTS**

None of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)) as at the Latest Practicable Date.

### **4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and there is no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interests within the Group.

**6. MISCELLANEOUS**

- (a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong are located at No. 36 BDA International Business Park, No. 2 Jingyuan North Street, Economic Technological Development Area, Beijing, 100176, China and Unit 2113, 21st Floor, China Merchants Tower, Shun Tak Centre, 168 – 200 Connaught Road Central, Hong Kong respectively.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The secretary of the Company is Ms. Li Fun Replen, who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.
- (e) The qualified accountant of the Company is Mr. Tse Ting Kwan, who is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.
- (f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.