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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)

EXTENSION OF LOAN

The Company, as lender, has entered into a New Loan Extension Agreement with Yongheng Development on 23 May 2011, pursuant to which the Company has agreed to further extend the repayment date of the Total Outstanding Loan to 11 May 2012. Yongheng Development shall pay interest on the Total Outstanding Loan at the interest rate of 5% per annum for the extension period. Save as disclosed above, all other terms and conditions under the Loan Agreement and the Loan Extension Agreement remain unchanged.

Reference is made to the announcements of the Company dated 11 May 2009 in relation to, among other things, the Loan Agreement and 11 May 2010 (the “Announcements”). Unless otherwise specified, terms used herein shall have the same meanings as defined in the Announcements.

BACKGROUND AND STATUS OF THE LOAN

SZ Yongheng has utilised the Loan for making capital contribution to Yongheng Lecai in accordance with the Loan Agreement. As at 11 May 2011, the total outstanding loan amount is HK\$45,202,500, comprising (i) HK\$43,050,000, being the principal sum of the Loan and (ii) HK\$2,152,500, being the interest accrued from 12 May 2010 to 11 May 2011 at an interest rate of 5% per annum (collectively the “Total Outstanding Loan”).

REASON FOR FURTHER EXTENSION OF LOAN

As disclosed in the Announcements, on 11 May 2009, the Company entered into the Loan Agreement with Yongheng Development pursuant to which the Company agreed to make available to Yongheng Development the Loan for a term of 1 year commencing on 12 May 2009 and ending on 11 May 2010.

On 25 March 2010, the registered capital of Yongheng Lecai was further increased from RMB75,000,000 to RMB125,000,000, pursuant to the amendment of constitution documents. On 2 April 2010, capital contribution of RMB30,000,000 (equivalent to approximately HK\$34,091,000) and RMB20,000,000 (equivalent to approximately HK\$22,727,000) were made by SZ Yongheng and Beijing Zhongmin respectively on a pro rata basis.

As at the request of Yongheng Development, the Company, as lender, has entered into a Loan Extension Agreement with Yongheng Development on 11 May 2010, pursuant to which the Company has agreed to extend the payment date to 11 May 2011.

The Company has understood from the board of Yongheng Development regarding the funding requirement in coming year. The Company has further entered into a new loan extension agreement (the “New Loan Extension Agreement”) with Yongheng Development on 23 May 2011, pursuant to which the Company has agreed to further extend the repayment date of the Total Outstanding Loan to 11 May 2012 (the “Further Extension Period”).

Yongheng Development shall pay interest on the Total Outstanding Loan at the interest rate of 5% per annum for the Further Extension Period. Save as disclosed above, all other terms and conditions under the Loan Agreement remain unchanged.

The Board is of the view that Yongheng Development and SZ Yongheng can still be treated as trustworthy business counterparties on the ground that (i) SZ Yongheng had made further capital contribution to Yongheng Lecai in accordance with the constitution documents and (ii) SZ Yongheng had pledged its 60% equity interests in Yongheng Lecai to Beijing Zhongmin in favour of the Company as disclosed in the Announcements. The provision of borrowings to Yongheng Development and further capital injection into Yongheng Lecai substantially strengthen the working capital of Yongheng Lecai. Upon the approval of such lottery business, Yongheng Lecai will be able to commence the operation of lottery business as soon as possible. The commencement of lottery business will also provide the Group with massive cash flow and create better return on investment for the shareholders of the Company. The Board considers that the extension of the repayment of the Total Outstanding Loan is fair and reasonable and is in the interest of the Company and its shareholders as a whole.

The Company will make further announcement regarding the above matter as and when required under the Listing Rules.

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Xu Ruixin, Dr. Mo Shikang, Mr. Zhang Hesheng, Mr. Zhu Peifeng, Mr. Jin Song and Mr. Chu Kin Wang, Peleus, and three independent non-executive directors, namely Dr. Liu Junmin, Mr. Tan Qinglian and Mr. Sin Ka Man.

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

Beijing, 23 May 2011

* *for identification purpose only*