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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

CAPITAL INJECTION

The Board announces that Beijing Zhongmin, a wholly-owned subsidiary of the Company, will make a capital injection of RMB24,000,000 (equivalent to approximately HK\$27,272,727) into Yongheng Lecai on the date before the 2nd anniversary date of its incorporation. Yongheng Lecai, in which Beijing Zhongmin owns 40% interest, is making an application for operation of welfare lottery related business.

LOAN AGREEMENT

The Board announces that on 11 May 2009, the Company, as lender, entered into the Loan Agreement with Yongheng Development, as borrower, pursuant to which the Company has agreed to loan an amount of HK\$41,000,000 (equivalent to approximately RMB36,080,000) to Yongheng Development. The Loan will be used for the contribution of the registered capital of Yongheng Lecai.

GENERAL

As one of the relevant percentage ratios (within the meaning of Chapter 14 of the Listing Rules) represented by the aggregate consideration of the said transactions of HK\$68,272,727 (equivalent to approximately RMB60,080,000) is more than 5%, the Capital Injection, the Loan Agreement and the transactions contemplated under thereunder when aggregated constitute a discloseable transaction on the part of the Company.

I. INTRODUCTION

The Board announces that (1) Beijing Zhongmin will make a capital injection of RMB24,000,000 (equivalent to approximately HK\$27,272,727) into Yongheng Lecai on the date before the 2nd anniversary date of its incorporation; and (2) the Company, as lender, and Yongheng Development, as borrower, entered into the Loan Agreement for the Loan in the amount of HK\$41,000,000 (equivalent to approximately RMB36,080,000) on 11 May 2009.

* *For identification purposes only*

To secure and ensure the use of the Loan, on 11 May 2009, the Company, Beijing Zhongmin, Yongheng Development and SZ Yongheng entered into an equity pledge agreement, pursuant to which, SZ Yongheng agreed to pledge its 60% equity interests in Yongheng Lecai to Beijing Zhongmin in favour of the Company.

II. CAPITAL INJECTION

Beijing Zhongmin will make a capital injection of RMB24,000,000 (equivalent to approximately HK\$27,272,727) into Yongheng Lecai on the date before the 2nd anniversary date of its incorporation. Beijing Zhongmin holds 40% of the equity interests in Yongheng Lecai. In accordance with the constitution documents of Yongheng Lecai, Beijing Zhongmin shall make a capital contribution of RMB30,000,000 (equivalent to approximately HK\$34,090,909), of which (1) RMB6,000,000 (equivalent to approximately HK\$6,818,182) has been contributed by Beijing Zhongmin in cash; and (2) an amount of RMB24,000,000 (approximately HK\$27,272,727) will be contributed by Beijing Zhongmin on the date before the 2nd anniversary date of its incorporation in accordance with the constitution documents of Yongheng Lecai. As at the date of this announcement, the paid-in capital was RMB6,000,000 (equivalent to approximately HK\$6,818,182). Upon the completion of the Capital Injection, Beijing Zhongmin will paid up all its portion of capital contribution.

III. LOAN AGREEMENT

Date of agreement : 11 May 2009

Parties

Lender : the Company

Borrower : Yongheng Development

Yongheng Development is a company incorporated and subsisting under the laws of Hong Kong and its principal activities are industrial investment and investment holdings. Yongheng Development is an Independent Third Party.

Subject matter

Pursuant to the Loan Agreement, the Company agreed to provide Yongheng Development with the Loan in the amount of HK\$41,000,000 (equivalent to approximately RMB36,080,000) for a term of 1 year commencing on 12 May 2009 and ending on 11 May 2010 at an interest rate of 5% per annum. The Loan will be transferred to SZ Yongheng, a wholly-owned subsidiary of Yongheng Development, and Yongheng Development shall guarantee and procure the application of the Loan by SZ Yongheng for making capital contribution to Yongheng Lecai. In accordance with the constitution documents of Yongheng Lecai, SZ Yongheng shall make a capital contribution of RMB45,000,000 (equivalent to approximately HK\$51,136,363), of which (1) RMB9,000,000 (equivalent to approximately HK\$10,227,273) has been contributed by SZ Yongheng in cash; and (2) an amount of RMB36,000,000 (equivalent to approximately HK\$40,909,090) will be contributed by SZ Yongheng in cash on the date before the 2nd anniversary date of its incorporation in accordance with the constitution documents of Yongheng Lecai.

To secure and ensure the use of the Loan made by the Company to Yongheng Development, on 11 May 2009, the Company, Beijing Zhongmin, Yongheng Development and SZ Yongheng entered into an equity pledge agreement, pursuant to which SZ Yongheng will pledge its 60% equity interests in Yongheng Lecai as a security to Beijing Zhongmin in favour of the Company.

IV. INFORMATION ON YONGHENG LECAI

Yongheng Lecai was established in Shenzhen, the PRC on 10 December 2008 with a registered capital of RMB75,000,000 (equivalent to approximately HK\$85,227,273). As at the date of this announcement, the paid-in capital was RMB15,000,000 (equivalent to approximately HK\$17,045,454) and was owned as to 40% by Beijing Zhongmin and 60% by SZ Yongheng.

Yongheng Lecai is engaged in the development of software with intelligent electronic engineering technology, the development and operation of real estate development on lands with legitimate land use right, and industrial investment and trading (specific projects to be applied). Yongheng Lecai is currently applying to relevant authorities for investing and engaging in the development of lottery software technology for Asia and establishing a production base in Shenzhen, as well as acting as agents and distributors for national welfare business.

V. INFORMATION ON SZ YONGHENG

SZ Yongheng was established in 1994 and holds 60% interest in Yongheng Lecai. It is an entity under 中華永恆慈善基金 (The Chinese Yongheng Charitable Foundation), which is a national non-profit making community foundation approved by the Ministry of Finance of the PRC and permitted by the Ministry of Civil Affairs of the PRC.

VI. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in the provision of gas fuel supply and gas pipeline connection, transportation and distribution of liquefied petroleum gas and retail of bottled liquefied petroleum gas and supply of video lottery operating system and equipments in the PRC.

According to the constitution documents of Yongheng Lecai, Beijing Zhongmin and SZ Yongheng shall make capital injections in Yongheng Lecai on pro rata basis. In view of the short-term liquidity shortage of SZ Yongheng, the Company has agreed to provide borrowings to Yongheng Development so as to facilitate the business growth of Yongheng Lecai.

Since the issuance of lottery in the PRC in 1987, the volume of lottery issued has been growing steadily. The national sales of lottery in 2008 amounted to approximately RMB106 billion, achieving sales over RMB10 billion for the past two consecutive years, among which sales from welfare lottery amounted to approximately RMB60.4 billion. Lottery issuance has become a major source of raising fiscal and tax income and the funds for social activities.

On 22 April 2009, the State Council considered and principally passed the “Bill on Management of Lottery”(《彩票管理條例(草案)》), which explicitly stipulates the regulations on the administrative system of lottery, the issuance and sale of lottery, the drawing of winning numbers and the collection of prizes, fund management as well as the liability for lottery-related illegal acts, having significant effects on promoting the development of lottery business.

The provision of borrowings to Yongheng Development and the Capital Injection into Yongheng Lecai by the Company will substantially strengthen the working capital position 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, so as to capture maximum market share within the shortest period, create the best economic efficiency and also provide the society with more benefits. The commencement of lottery business will also provide the Group with a massive cash flow and create better return on investment for the shareholders of the Company.

The Directors (including the independent non-executive Directors of the Company) are of the view that the terms of the Capital Injection and the Loan Agreement, which are arrived at after arm's length negotiations between the parties thereto, are fair and reasonable and are determined on normal commercial terms, and that the Capital Injection and the Loan Agreement are in the interests of the Company and its shareholders as a whole.

GENERAL

As one of the relevant percentage ratios (within the meaning of Chapter 14 of the Listing Rules) represented by the aggregate consideration of the said transactions of HK\$68,272,727 (equivalent to approximately RMB60,080,000) is more than 5%, the Capital Injection, the Loan Agreement and the transactions contemplated under thereunder, when aggregated, constitute a discloseable transaction on the part of the Company.

DEFINITIONS

“Board”	board of the Directors of the Company
“Company”	Chinese People Holdings Company Limited (中民控股有限公司)*, an exempted company incorporated in Bermuda with limited liability, the shares of which were listed on the Main Board of the Stock Exchange as at the date of this announcement
“Beijing Zhongmin”	北京中民燃氣有限公司(Beijing Zhongmin Gas Company Limited)#, a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company, holding 40% interest in Yongheng Lecai
“Capital Injection”	the injection of RMB24,000,000 (equivalent to approximately HK\$27,272,727) by Beijing Zhongmin as capital into Yongheng Lecai in accordance with the constitution documents of Yongheng Lecai
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the borrowing of HK\$41,000,000 (equivalent to approximately RMB36,080,000) for a term of 1 year pursuant to the Loan Agreement

“Loan Agreement”	the agreement dated 11 May 2009 and entered into between Yongheng Development and the Company in respect of the borrowings of HK\$41,000,000 (equivalent to approximately RMB36,080,000) for a term of 1 year
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Director’s knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company or any of its connected persons
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ Yongheng”	永恆發展集團(深圳)有限公司, a legal person established and subsisting under the laws of the PRC and a wholly-owned subsidiary of Yongheng Development, holding 60% interest in Yongheng Lecai
“Yongheng Development”	Yongheng Development Corporation Limited, a legal person established and subsisting under the laws of Hong Kong
“Yongheng Lecai”	深圳市永恆樂彩科技開發有限公司, a legal person established and subsisting under the laws of the PRC, in which Beijing Zhongmin and SZ Yongheng have 40% and 60% interest respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Beijing, 11 May 2009

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.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$100 to RMB88. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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.