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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)

**SUPPLEMENTAL ANNOUNCEMENT II ON
DISCLOSEABLE TRANSACTION:
1. CAPITAL INJECTION OF 60.34% EQUITY INTERESTS
IN THE TARGET COMPANY
2. PROVISION OF FINANCIAL ASSISTANCE**

This announcement was made at the request of the Stock Exchange.

Reference is made to the respective announcements of Chinese People Holdings Company Limited (the “**Company**”) dated 12 January 2021 and 15 January 2021 in relation to the Agreements (“**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as those set out in the Announcement.

The Company would like to provide further following information in relation to the Loan Agreement.

As mention in the Announcements, the Target Company, a company established in PRC with limited liability on 22 December 2020, is expected to receive an annual rental of approximately RMB1,646,000 which could be from Group companies to pay the rent. In addition, the Target Company may lease out the remaining approximately no less than 15,000 square metres of hardened site and steel frame buildings of the Properties (the Land Parcel) as warehouses, cargo yards and car parks for lease (“**Remaining Leaseable Properties**”), to increase the revenue of the Target Company.

Having considered (i) a rental income of approximately RMB1,646,000 generated from the Properties per year (“**Rental Income**”), a distribution of the Rental Income as dividend from the Target Company to Chongqing Jingtong and Chongqing Xiye would be approximately RMB653,000 (holding 39.66% equity interests) and RMB993,000 (holding 60.34% equity interests) respectively; and (ii) an interest income of RMB900,000 (3% per annum), if any, generated from the Loan per year (“**Interest Income**”), a distribution of Interest Income as dividend from the Target Company to Chongqing Jingtong and Chongqing Xiye would be approximately RMB357,000 (holding 39.66% equity interests) and RMB543,000 (holding 60.34% equity interests) respectively. As per above, the total dividend generated from Rental Income and Interest Income distributable to Chongqing Xiye would be approximately RMB1,536,000 (being an amount of RMB993,000 plus RMB543,000).

As mention in the Announcements, according to the Loan Agreement, Chongqing Jingtong and Chongqing Xiye entered into the Shareholder’s Rights Entrustment Agreement, pursuant to which Chongqing Jingtong agreed to entrust all shareholder’s rights of its interests of 39.66% equity interests in the Target Company to Chongqing Xiye for all its entitlement and exercise. After waiving the Target

Company Loan's interest was effective and negotiated on the successful completion of signing the Shareholder's Rights Entrustment Agreement. It could be seemed that the Target Company will not have the Interest Income and eventually Chongqing Xiye could not receive the dividend of Interest Income of approximately RMB543,000. However, in return, Chongqing Xiye will entitle to the benefits of all entitlement and exercise of the Target Company under the Shareholder's Rights Entrustment Agreement. In order words, Chongqing Xiye will receive the benefit of RMB653,000 (39.66% equity interests) as a result of surrendered a distribution of the Rental Income as dividend from the Target Company to Chongqing Jingtong.

Therefore, in a big picture, the Group have benefit in total of approximately RMB1,646,000 (being the total Rental Income) and have additional 39.66% equity interests of entitlement and exercise in the Target Company under the Shareholder's Rights Entrustment Agreement instead of the total dividend generated from the Rental Income and Interest Income distributable to Chongqing Xiye of approximately RMB1,536,000 under the normal commercial arrangement (being an amount of RMB993,000 plus RMB543,000).

Last but not least, the Target Company will have all benefits of the other rental income form the Remaining Leaseable Properties, in order to (i) increase the revenue of the Target Company and (ii) increase the entitlement of 100% equity interest benefits obtained as well as 100% dividend obtainable, for a period of at least 3 years under the Shareholder's Rights Entrustment Agreement. Thus, the Board considers that the terms of the Loan Agreement, in particular the waiving of the Loan interest, is fair and reasonable and is in the interest of the Company and its Shareholders as a whole after taking into account "all entitlement and exercise under the Shareholder's Rights Entrustment". Having considered the benefit of Chongqing Xiye, the Target Company will pay dividend out of all profits to Chongqing Xiye for the period of 3 years accordingly as per the Shareholder's Rights Entrustment Agreement to maximize the benefit thereon.

Although the Loan is in excess of the capital contributed by Chongqing Jingtong of RMB23,000,000 and the excess amount is RMB7,000,000, but having considered the above all mentioned benefits and all the entitlements and exercises under the Shareholder's Rights Entrustment as well as an assessment done including but not limited to recoverability and credit status of Chongqing Jingtong and its ultimate beneficial owner (details disclosed below). Therefore, the Loan Agreement of RMB30,000,000 was agreed and signed.

As mention above, the Group has (i) applied strictly measurement to assess including but not limited to the recoverability and credit status of the borrower namely Chongqing Jingtong and its ultimate beneficial owner; (ii) has considered the benefit of Rental Income of three years approximate to an amount of RMB4,938,000 (being RMB1,646,000 multiplied 3 years); (iii) the potential further rental income from the Remaining Leaseable Properties; and (iv) release of the pledged of the Properties from Three Gorges Bank Mortgage and transfer to the Target Company. Having considered all of the abovementioned points and in terms of internal calculation the recoverability, the risk of the probability of defraud of the Loan is very minimal to the Group and approximate to an amount of RMB2,062,000 (being an amount of the Loan RMB30,000,000 minus an amount of capital commitment of RMB23,000,000 made by Chongqing Jingtong to the Target Company minus an amount of 3 years of total Rental Income approximately RMB4,938,000).

On top of the above, the Equity Pledge Agreement was prepared and signed, in order to minimize the risk the Group might have and safeguard the assets of the Target Company, has and act in the interest of the Company and its Shareholders as a whole. Therefore, the Board's view on the Equity Pledge is proper and with all the abovementioned points are sufficient to safeguard the Target Company's interests as a whole over the Loan.

The Group have checked to information presented by Chongqing Jingtong and/or have assessed certain information through a good reputation platform where the accurate of information be well recognized and accessible (an independent public search engine (企查查*)) include below information of Chongqing Jingtong to consider the repayment capability of Chongqing Jingtong:

- the official management account as at 30 November 2020 indicated the net assets value of approximately RMB90 million;
- the registered legal representative;
- the registered directors;
- the registered members as well as its ultimate beneficial owners;
- the business registration certificate;
- the articles of association;
- Understood the business carried out by Chongqing Jingtong;
- Understood the cash flow generated by Chongqing Jingtong;
- Understood the revenue generated by Chongqing Jingtong;
- Understood the position of non-current liabilities as well as current liabilities of Chongqing Jingtong;
- the Shareholder's resolutions approved the Loan Agreement, the Pledge Agreement and the Shareholder Entrustment Agreement;
- the current legal status of the Chongqing Jingtong without litigation case;
- the land used right's certificates of the Property I and the Property II registered under the name of the Chongqing Jingtong;
- the land search information of the Property I and the Property II;
- subsidiaries currently directly/indirectly hold by Chongqing Jingtong, the registered legal representative, the registered directors, the registered members as well as the current legal status without litigation case; and
- the substantial shareholder of Chongqing Jingtong, Huang Yu* (黃煜) ultimately holding 60.78% equity interests, the current legal status without litigation case.

Save as disclosed above, all other information and contents set out in the Announcements remain unchanged and shall continue to be valid for all purposes. This supplemental announcement II is supplemental to and should be read in conjunction with the Announcements.

Besides, please be noted that the Property I and Property II were registered under the name of Target Company on 18 January 2021.

By Order of the Board
Chinese People Holdings Company Limited
Mr. Fan Fangyi
Managing Director and Executive Director

Beijing, 1 February 2021

As at the date of this announcement, the Board comprises four Executive Directors namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Fan Fangyi (Managing Director) and Miss Mo Yunbi and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Cheung Chi Ming.

**for identification purpose only*