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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 AGREEMENT IN RESPECT OF MAJOR AND CONNECTED TRANSACTION

References are made to the announcements of Chinese People Holdings Company Limited (the “**Company**”) dated 5 September 2014, 8 September 2014, 29 September 2014 and 31 October 2014 (collectively, the “**Announcements**”) in relation to the Acquisition, which constitutes a major and connected transaction of the Company pursuant to the Listing Rules. Terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

THE SUPPLEMENTAL AGREEMENT

The Board announces that, on 13 November 2014 (after trading hours), the Company and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) to the S&P Agreement, pursuant to which the parties agreed to revise the settlement arrangement of the possible Compensation as follows:

In the event that the Vendor has to pay the Compensation to the Company,

- (1) the Company shall have the right to offset the Cash Consideration against the Compensation; and
- (2) if the offsetting amount as provided in item (1) above is insufficient for offsetting the whole amount of the Compensation and other reasonable expenses, the Vendor shall settle the shortfall by cash on the sixth Business Day after the issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor).

For avoidance of doubt, if the Cash Consideration exceeds the Compensation, the Company shall pay the remaining balance of the Cash Consideration to the Vendor after deduction of the Compensation and other reasonable expenses on the sixth Business Day after issue of the Profit Certificate (or such other time as may be agreed between the Company and the Vendor).

In addition, the Board was informed by the Vendor that the Vendor had executed a facility letter on 13 November 2014 (the “**Facility Letter**”) to secure the payment of the Compensation. Pursuant to the Facility Letter, a licensed money lender in Hong Kong agreed to grant a working capital facility which is available for drawdown during the period from 1 April 2017 to 30 June 2017 up to HK\$232,675,000 (the “**Facility**”) to the Vendor for the purpose of financing the Vendor in relation to the S&P Agreement. Having considered that (i) the maximum amount of the Compensation is equal to the Aggregate Consideration; (ii) pursuant to the S&P Agreement, the Company has the right to offset the Cash Consideration against the Compensation; and (iii) the amount of the Facility is equivalent to the remaining amount of the Aggregate Consideration after deducting the Cash Consideration, the Directors are of the opinion that sufficient financial resources are available to the Vendor to satisfy the Compensation (if necessary), and that the Company’s interest is safeguarded. Accordingly, the Directors consider that the entering into of the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

Save for the above, all other terms and conditions of the S&P Agreement shall remain unchanged and continue in full force and effect.

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

Beijing, 13 November 2014

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.