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中國天溢控股有限公司
China Tianyi Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock code: 00756)

**(1) ENTERED INTO SUPPLEMENTAL DEED IN RELATION TO
THE 3.5% COUPON CONVERTIBLE BONDS
IN AN AGGREGATE PRINCIPAL AMOUNT OF HK\$232,800,000
AND**

(2) EARLY REDEMPTION OF THE CONVERTIBLE BONDS BY WAY OF CASH

On 15 August 2014 (after trading hours), the Company, Mr. Sin and the Bondholder entered into the Supplemental Deed pursuant to which, the Company intends to purchase the Bonds from the Subscriber earlier than the maturity date of 18 May 2015. A total redemption amount of HK\$291,658,000 was agreed to retire all outstanding principal and accrued but unpaid interest borne under the Bonds. The redemption amount represents a reasonable discount to the total amount due on maturity, and the redemption amount will be settled by way of cash in the following manners: (a) the first instalment of HK\$97,000,000 shall be paid on or before 15 September 2014; and (b) the remaining balance of HK\$194,658,000 shall be paid on or before 30 November 2014. The Bonds shall be forthwith cancelled after such purchase.

Reference is made to the announcements of the Company dated 9 May 2012 and 18 May 2012 in relation to, among other matters, the issue of the Bonds.

On 15 August 2014 (after trading hours), the Company, Mr. Sin and the Subscriber entered into the Supplemental Deed in relation to the terms and conditions of the Bonds, details of which are set out below:

SUPPLEMENTAL DEED

Dated: 15 August 2014

Parties: The Company, Mr. Sin and the Bondholder

To the Directors' best knowledge, information and belief having made all reasonable enquiries, the Bondholder and its ultimate beneficial owners are independent third parties of the Company and its connected persons.

Pursuant to the Supplemental Deed, the Company may purchase the Bonds before the maturity date of 18 May 2015 from the Bondholder at a total redemption amount of HK\$291,658,000 ("**Redemption Amount**") which shall include all outstanding principal and accrued but unpaid interest borne under the Bonds subject to the following:

- (a) The Redemption Amount shall be settled in two instalments:
 - (i) the first instalment of HK\$97,000,000 shall be paid on or before 15 September 2014; and
 - (ii) the remaining balance of HK\$194,658,000 shall be paid on or before 30 November 2014.
- (b) Upon full payment of the Redemption Amount in accordance with item (a) above, the Bonds shall be forthwith cancelled.
- (c) Any partial payment made by the Company in accordance with item (a) above will be forthwith deemed as a non-refundable partial repayment of the Redemption Amount. In case where the Company fails to pay the Redemption Amount in full by the stipulated dates in accordance with item (a) above, all amendments made by the Supplemental Deed shall immediately lapse and all rights and obligations of the Company and the Bondholder under the Bonds shall be governed by the original terms and conditions of the Bonds as entered on 9 May 2012.

The Supplemental Deed is conditional upon that all necessary consents, authorisations and approvals (including without limitation, from any applicable regulatory body or exchange) have been obtained by the parties to the Supplemental Deed.

INFORMATION ABOUT THE BONDS

The Bonds in the aggregate principal amount of HK\$232,800,000 were issued to the Bondholder on 18 May 2012. As at the date of this announcement, the total outstanding principal amount under the Bonds is HK\$232,800,000 and the Bondholder has not exercised any conversion right attaching to the Bonds. The Bondholder has undertaken under the Supplemental Deed that it will not exercise the conversion rights attaching to the Bonds on or before 30 November 2014.

REASONS AND BENEFITS

The primary purpose of entering into the Supplemental Deed is to allow the Company to retire from the outstanding debt under the Bonds before its maturity date of 18 May 2015 at a reasonable discount and reduce the finance cost of the Company to be incurred if the Bonds were to be redeemed at their maturity, and hence to increase the Group's return on capital and to avoid potential equity dilution of shareholders' interest.

The terms of the Supplemental Deed (including the Redemption Amount) were arrived at after arm's length negotiations between the Company and the Bondholder, with reference to public data, including yields on corporate debts, the financial position of the Group, the outstanding principal amount and the accrued but unpaid interest under the Bonds.

The Company intends to settle the Redemption Amount by way of cash, which is from the Company's internal resources, and/or external resources from bank borrowing.

The Directors are of the view that the Purchase of Bonds will not cause any adverse effect on the operation and financial conditions of the Group and the terms of the Supplemental Deed are fair and reasonable and in the interest of the Company and of its shareholders as a whole.

GENERAL

The Supplemental Deed constitutes an alteration in the terms of convertible equity securities after issue under Chapter 16 of the Listing Rules, and shall be subject to the approval of the Stock Exchange accordingly.

The Company has made an application to the Stock Exchange for its approval of the amendments to the Bonds due to the Supplemental Deed.

DEFINITIONS

The following terms are used in this announcement with the meanings set out below:

“Bonds”	the 3.5% coupon convertible bonds in an aggregate principal amount of HK\$232,800,000 issued by the Company to the Bondholder on 18 May 2012
“Board”	the board of Directors

“Bondholder”	CITIC Capital China Access Fund Limited
“Company”	China Tianyi Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Sin”	Sin Ke
“Purchase of Bonds”	purchase of the Bonds by the Company in accordance with the terms of the Supplemental Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplement deed entered into among the Company, the Bondholder and Mr. Sin in relation to amendments to the terms and conditions of the Bonds
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Tianyi Holdings Limited
Sin Ke
Chairman

Hong Kong, 15 August 2014

As at the date of this announcement, the Board comprises: Mr. SIN Ke and Mr. SAN Kwan as executive Directors; and Mr. ZENG Jianzhong, Mr. ZHUANG Weidong and Mr. ZHUANG Xueyuan as independent non-executive Directors.